

# The NATIONAL UNDERWRITER

*Life Insurance Edition*

## FATHER'S DAY—A great opportunity for service

New England Mutual announces a special promotion in connection with a national magazine advertisement featuring Father's Day.

This is a natural tie-up. For months, this company's advertising theme—"Fathers, too, are worth more now"—has been reminding policyholders that increased living costs make it absolutely necessary for the head of the family to increase his life insurance.

On this page is the human interest picture that illustrates the special Father's Day advertisement, which appears next month in *The Saturday Evening Post*, *Time* and *Newsweek*.

Advance proofs of this advertisement will go to agents along with a special "sales kit"—detailed plans which will enable New England Mutual men to make the most of this Father's Day.

Here's another example of how New England Mutual works closely and constantly with its agents in the field . . . to provide a continuing year-around program of sales promotion . . . to help New England Mutual men make *more* and *larger* sales with *fewer* and *shorter* interviews.

The **NEW ENGLAND**  
**MUTUAL**



Life Insurance  
Company of Boston

THE COMPANY THAT FOUNDED MUTUAL LIFE INSURANCE IN AMERICA — 1835



FRIDAY, MAY 8, 1953

# He can help you... *if you let him!*

**Y**OUR insurance representative can help you replace income lost through injury, illness, death or old age. He can help you and your family have money when you need it most.

In the search for financial security, most people find that nothing can take the place of insurance and no one can take the place of the well-trained, thoughtful insurance agent.

Open your door to the Lincoln National man in your community. He's trained in the Lincoln tradition of service and he's ready to help *you*.



*Its Name  
Indicates Its Character*



## THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

FORT WAYNE 1, INDIANA

This LNL ad appears in *Saturday Evening Post* May 2, 1953

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# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Life Insurance

57th Year, No. 19  
May 8, 1953

## Interest Rate Rise Found Putting Chill on Bank-Loan Plans

### Discouraging Factor Also Is Possible Death of Excess Profits Tax

NEW YORK—The highly controversial question of selling policies financed by bank loans may be settled, in large measure without anybody in the life insurance business having to do anything about it.

Some who have followed this situation closely report that the market for bank-loan plans is being gradually shriveled by the rise in bank interest rates. Much of the attractiveness of the plan depends on being able to borrow at a lower rate than that guaranteed in the contract. While bank loan rates are still well below the rates in policies, the trend is upward and has a chilling effect on prospects contemplating getting a tax windfall out of the bank-loan policy setup.

Another factor having a retarding effect on bank-loan sales is the possibility—or perhaps even probability—that the excess profits tax will be allowed to expire June 30, as it is scheduled to do in the absence of re-suscitation by Congress. A good many bank-loan sales are business insurance cases on key men. In addition to the rise in the interest rate level at which premium money can be borrowed, there will be less inducement in getting back the proceeds tax free if the excess profits tax isn't in there taking its big bite. Premiums aren't deductible, so the excess profits tax isn't a factor on that score, except as it makes more money available to pay premiums outright instead of borrowing the money from a bank to pay them with.

## 1952 A. & H. Premiums Reach \$2.8 Billion

A. & H. premiums written by insurance companies in 1952 almost reached the \$2 billion mark, according to figures taken from the Survey Edition of the *Accident & Health Review*. Total premiums were \$1,919,858,838, an increase of 19.6%.

For all types of insurers, including Blue Cross, Blue Shield and related organizations, 1952 premiums showed an increase of 23.9% to total \$2,859,854,819. Blue Cross had premiums of \$878,707,435, Blue Shield income of \$261,318,890, for a total increase of 33%.

Group A. & H. entered the billion dollar class with reported premiums of \$1,062,011,229, again showing the greatest gain with an increase of 20.5%. The gain in individual A. & H. premiums was 18.4%.

"If the present rapid growth continues," the *Accident & Health Review* states, "A. & H. premiums in 1953 will exceed \$3½ billion, with \$4 billion indicated for 1954, and more than \$5 billion possible for 1955."

## MEETING JUNE 15

## NALU Nominators Urge Local Leaders to Offer Candidates

The nominating committee of the National Assn. of Life Underwriters, headed by Walter Hiller, Penn Mutual, Chicago, is seeking recommendations for candidates for officers and trustees of N.A.L.U. The nominators will meet June 15 to consider recommendations. State and local association presidents and association leaders are being urged by the committee to screen members in their various localities and submit names.

N.A.L.U. by-laws provide that the nominating committee shall not only solicit recommendations for nominees but shall investigate the qualifications of candidates. No one may be recommended for any office without his consent and the official endorsement of his local and state associations having been obtained. Sponsoring groups may obtain from Mr. Hiller, whose office is at 1 North La Salle street, Chicago, copies of the questionnaire on which to fill in information on the qualifications of candidates.

Terms of six trustees expire this year.

Local and state associations also have been asked to give early consideration of their nominations for the 1953 John Newton Russell Memorial Award. The award was established by John H. Russell, Pacific Mutual Life, Los Angeles, in memory of his father, John Newton Russell, president of N.A.L.U. in 1916-17, and has so far been given for the eleven years following his death in 1942.

Presentation of the award is made annually at the Fellowship Luncheon on the last day of N.A.L.U.'s convention. Nominations must be sent to N.A.L.U. headquarters by May 15.

## L.I.C. Plans Varied Program for Annual Rally at Atlantic City

The annual meeting of Life Insurers Conference is being held at Atlantic City, N. J., May 20-22. The pattern of one-half day work and one-half day play is prevailing again this year with a varied series planned by the program committee of which J. R. Anthony, Jr., vice-president of Suwannee Life, is chairman.

The meeting formally opens with a welcome by Warren N. Gaffney, New Jersey commissioner.

Besides the business session the first day there will be talks by the conference president, Ashley C. Tobias, Jr., president of Palmetto State Life; Martin B. Williams, conference executive director; Eugene M. Thore, general counsel of Life Insurance Assn. of America, and Walter Margetts, New Jersey treasurer.

The second day's program is principally devoted to a panel forum—"Current Trends in Life Office Management". The moderator is Frank L. Rowland, managing director of Life Office Management Assn.

The third day's program is devoted exclusively to an open forum on the problems of agency management. The moderator is Eldon Stevenson, Jr., president of National L. & A., conference vice-president.

## Prudential Building Started

Carrol M. Shanks, president of Prudential, is presiding at ground-breaking ceremonies May 8 for the company's new regional home office building at Minneapolis. Orville E. Beal is the field vice-president in charge of the new office.

Also attending are Mayors Eric Hoyer of Minneapolis and John Daubney of St. Paul. A luncheon and dinner also are on the program.

## Butler Terms Texas Insurance Laws a 'National Disgrace'

### Life Commissioner Concerned Over Fate of Remedial Legislation

Chances of passage are not bright for the bills proposed by the Texas department to strengthen that state's insurance laws. The measures principally are aimed at increasing the state's extremely low capital and surplus requirements for new life companies, something which has received national attention as a result of insurers in Texas selling among the armed forces.

Life Commissioner George B. Butler indicated discouragement about the prospects of the bills in a letter to presidents of Texas companies urging their support. Mr. Butler, who is board chairman, declared that "our lax law permitting the organization and licensing of so many insurance companies is a national disgrace". "For eight years," he added, "I have tried to carry the flag on remedial legislation, but I see now I cannot get anything passed that would help the situation because cannot get the whole-support of the industry." For these reasons, he stated "I do not expect ever to sponsor any more legislation when I know it is a hopeless situation. I have introduced bills in the past and have beaten my head against the wall getting them passed to save the good name of Texas."

In another letter to all insurance commissioners, asking them to forward him any complaints received against Texas agents and Texas companies with reference to military selling, Mr. Butler stated that "I am doing my best to pass better legislation so Texas will not be the laughing stock of the nation because of its lax insurance law which permit everybody and his brother to start an insurance company in this state."

Mr. Butler has widely distributed copies of an article appearing in the May issue of *Focus* magazine dealing with the sale of insurance to military personnel. The article describes a "victimized serviceman" who, through misrepresentation on the part of the agent, thought he had bought a \$8,780 policy, whereas on presentation of a death claim, insurance was found to be only \$182, and that uncollectable without legal proceedings against the Texas insurer, which would have been more costly than the amount involved. The article attributes insurance victimizing of servicemen to border line companies which can operate only because of lax state insurance laws, mentioning particularly Texas where the asset requirement is \$25,000.

According to Mr. Butler, there are 1,111 life companies licensed in Texas of which 937 are domestic insurers. In the past two weeks, 71 additional ap-

## Late News Bulletins . . .

### To Vote on 100% Franklin Life Stock Dividend

Directors of Franklin Life have authorized submission to a special meeting of stockholders on June 30 a resolution increasing its capital in anticipation of the declaration of 100% stock dividend. In the event of approval, certificates on a basis of share for share will be transmitted on July 15 by the company's stock transfer agents, the First National Bank at Chicago, to stock of record June 30. Stock dividend distributions, including the one now under consideration, aggregate 232.5% in the past nine years.

Franklin's stock some time back had run up to about \$90 per share. Recently it had been selling at about \$70.

New business sales in the first four months of this year amounted to \$162,630,000, an increase of 23% over the corresponding period last year. The company will celebrate its 70th anniversary in a few months.

### Appeals Korea "War" Decision to Supreme Court

PHILADELPHIA—Pennsylvania Mutual Life has appealed to the U. S. Supreme Court from the decision of the Pennsylvania supreme court, which held that the war in Korea is not actually a war and hence the company's policy on C. P. Harding of Luzerne county, Pa., is not void under the war clause. The war clause refers to military service "in time of war." A recent court opinion in Indiana was in line with that of the Pennsylvania supreme court. The same question is pending in *Weismann vs. Metropolitan* in Los Angeles district court.

(Additional Late News on Page 13)

(CONTINUED ON PAGE 13)



## The UNION LABOR LIFE Insurance Company

### CONDENSED STATEMENT OF FINANCIAL CONDITION

(As of December 31, 1952)

ASSETS		%	LIABILITIES		%
Cash .....	\$ 531,128	3.0	Statutory Policy		
Bonds .....	7,584,438	43.4	Reserves .....	\$ 9,615,176	55.0
Stocks—(cumulative			Reserve for Policy		
—preferred) ...	570,100	3.3	Dividends .....	1,109,075	6.4
Mortgages on Real			Policy proceeds and		
Estate .....	6,474,365	37.1	dividends left with		
Loans to			company .....	302,810	1.7
Policyholders ...	249,711	1.4	All other liabilities	2,152,027	12.3
Shares of Insured			Contingency Reserve		
Savings & Loan			for Group Life		
Associations ...	600,000	3.4	Insurance .....	1,100,000	6.3
Premium deferred			Other Contingency		
and now being			Reserves .....	500,000	2.9
collected .....	1,357,132	7.8	Security Valuation		
Accrued interest, etc.	108,356	0.6	Reserves .....	314,000	1.8
Total Assets .....	\$17,475,230	100.0	Capital Paid-up ...	875,000	5.0
			Unassigned Surplus	1,507,142	8.6
			Total Obligations ..	\$17,475,230	100.0
Total Insurance Paid-For in 1952			Total Insurance in Force		
Ordinary .....	\$ 4,137,995		Ordinary .....	\$ 38,739,799	
Group .....	54,791,850		Group .....	367,036,434	
Total .....	\$58,929,845		Total .....	\$405,776,233	
Total Insurance Paid to Living Policyholders .....			\$6,383,697		
Total Insurance Paid to Beneficiaries .....			3,299,902		
Total Insurance Paid to Policyholders &					
Beneficiaries .....			\$9,683,599		

### COMPARISON OF GROWTH

(One Year and Ten Year Figures)

Year	Assets	Capital and Surplus	New Business	Insurance in Force
1942 ....	\$ 4,454,098	\$1,104,296	\$ 7,592,067	\$ 85,987,306
1951 ....	15,301,652	2,103,893	38,587,746	350,810,382
1952 ....	17,475,230	2,382,142	58,929,845	405,776,233

### Security and Service for all

## THE UNION LABOR

### Life Insurance Company

New York City 21  
Matthew Woll, President

The Union Labor Life Insurance Co.  
200 East 70th Street, New York City 21  
Box N-1

Gentlemen:

I am interested in the story behind your Company's gains. Please send me your 1952 Annual Report.

Name .....

Address .....

# Let's talk

When one home office orders twelve hundred copies of a new sales aid—as one of our customers has just done—you can be sure they are not merely guessing at results.

If you haven't yet examined a copy of *Life Insurance Trusts*, it will pay you to do so at once. It will help you re-open many cases in addition to helping open many new and profitable interviews with men and women of means.

Single copy price is only 90¢. Write for yours today. We'll mail it promptly, postpaid.



## THE INSURANCE RESEARCH & REVIEW SERVICE

Hilbert Rust, C.L.U., President

INDIANAPOLIS

## Informal Discussion Topics Announced for Actuaries Ohio Meeting June 4-5

Informal discussion topics for the western spring meeting of Society of Actuaries at the Netherland Plaza hotel, Cincinnati, June 4-5, include agency, individual A. & H., social security, new recording means and computing devices and other general subjects. There will be a smaller company forum the final day with Stuart F. Conrod, Loyal Protective Life, presiding. The business session that same day will be presided over by John R. Larus, Phoenix Mutual Life, president of Society of Actuaries.

Presiding the first day will be Walter Klem, Equitable Society, and Henry F. Rood, Lincoln National Life, each of whom is a vice-president of the society. Presentation of papers will open the Friday session.

Following is the complete list of topics for informal discussion, and for the smaller company forum:

### Informal Discussion

#### I. Agency

A. What serious imperfections remain in Section 213 after the adoption of the latest amendments?

B. What aid are actuaries giving the agency departments of their companies in

1. Solving problems of agency compensation?

2. Providing statistics of production and lapse?

3. Measuring the value of an agent or his business to the company, taking into account such factors as production, persistency and cost?

4. Formulating a training program for agents?

C. What plans have been evolved to meet the increasingly difficult problem of financing new agents?

D. What recent changes have been made in methods of compensating agents?

#### II. General

A. In the light of current investment conditions is it advisable to increase maximum limits for the acceptance of single premiums and premiums paid in advance? Are investment prospects such that guaranteed interest rates on these funds might be increased?

B. What steps can a smaller company take to meet the current demand for pension plans?

C. To what extent have companies

1. Transferred to their field or district offices functions which had previously been performed in the home office?

2. Transferred to the home office or to central collection offices functions which had previously been performed in agency offices?

D. What steps have been taken to revise or supplement company retirement plan benefits to recognize higher salary scales and the possibility of still further inflation? Have satisfactory means been found to base benefits on final salaries?

E. What are the advantages and disadvantages of the "Bank Loan Plan" under which a policyholder purchases a limited payment life policy and borrows part of the premiums at a bank, thus obtaining an interest deduction for Federal Income Tax purposes?

F. What changes have been made in war exclusion riders, disability and double indemnity provisions because of the recent court decisions defining "war"?

#### III. Individual A. & H.

A. If a life insurance company enters the accident and sickness field is it advisable for it to issue noncancelable, commercial or combination policies?

B. Should commissions on accident and sickness policies be on a level basis each year or should they decrease with duration?

C. What are the best sources for morbidity experience in a form suitable for rate making?

D. What reserves, if any, should be set up in addition to the unearned premium reserves to cover cyclical changes in the level of morbidity rates resulting from epidemics or economic upheavals?

E. What methods have been found satisfactory for determining the total claim reserve and the division of it for annual statement purposes?

F. What items of medical expense are insurable and to what extent?

#### IV. Social Security

A. What recent developments have occurred with respect to general legislation in regard to the U. S. old-age and survivors insurance system? In particular, what developments are under consideration in connection with

1. Optional coverage of state and local government employees already under retirement systems?

2. Extension of coverage to other groups not now included under the system?

3. The tentative disability "freeze" provisions?

4. The retirement test (work clause) for payment of old-age benefits?

B. Is any evidence available as to the ultimate distribution of the costs of social security and old age assistance paid in the first instance by employer contributions and federal and state budgets?

C. What is the developing experience of the new Canadian old-age pension plan? What is

likely as to both short-range and long-range financing of the system?

### V. New Recording Means and Computing Devices

In a special report last fall, the committee on new recording means and computing devices outlined a "consolidated functions" approach for applying electronic computers to the operating practices of one company:

A. In what respects would such an approach need modification to make it applicable to your company?

B. Is there any other approach which appears better suited to the practices of your company?

C. What is now being done in your company to determine the potential of computers and other electronic equipment?

### Smaller Company Forum

#### I. Agency Problems—Resulting from Special Policies

A. What problems relating to agents' compensation and other expenses arise from the increased proportion of term insurance being currently issued and from the sale, at commission rates lower than those under the regular series, of special policies with a large minimum amount, and of small regular series policies?

B. What are the advantages and disadvantages of freely making quotations for special plans not in the rate book? How far is it advisable for a smaller company to go toward making such quotations?

#### II. Retirement Benefits for Home Office Employees

A. 1. What plan is most suitable for the smaller company?

2. How is equity maintained between benefits for home office employees and agents?

B. Is it practical to provide hospital and surgical benefits to retired employees and their dependents? Have any companies adopted such a plan and is it proving satisfactory?

#### III. Expenses

A. What can the smaller company do about the problem of increasing unit cost? What work saving procedures have recently been adopted and what measures have been most productive in reducing costs?

B. In view of increased costs and shortage of trained technical staff, what simplifications can be made in the routine of policy changes? What prohibitions can be introduced in the general service given by companies on policy changes, particularly changes in plan and ratings?

## Marsh, Lincoln National, Heads N.A.L.U. Committee

John D. Marsh, Lincoln National Washington, D. C., and vice-president of National Assn., of Life Underwriters, has been named chairman of the committee on committees of the association. The committee solicits, from committee chairmen and local, state and national association leaders, names of members qualified to serve on the association's standing and special committees.

## Actuaries Mark Anniversary

Actuaries Club of Philadelphia celebrated its 25th anniversary at a dinner meeting addressed by John R. Larus, Phoenix Mutual Life, president of Society of Actuaries.

Provident Mutual Life, host for the evening, described that company's entry into the A. & H. field, emphasizing the actuarial phases involved. The club's history was reviewed by its first chairman, Charles E. West, Provident Mutual Life.

## Scratch Gravel in Pa.

A bill in the Pennsylvania legislature would continue permanently the 2% premium tax on domestic companies. This was enacted to apply only to 1951 and '52 but the state is hard up for money and is scratching the gravel. There is a sales tax measure in the legislature and if this passes the heat will probably be taken off the insurance tax proposition.

## Phila. CLU's Set Meet

The problems involved in the preparation and probate of a will are to be considered at the spring luncheon meeting May 21 of Philadelphia C.L.U. chapter. A panel composed of attorneys and a judge will lead the discussions.



## Andrews, Pilot Life, Chairman of L.A.A. Southern Round Table

The life insurance business' need for getting itself understood and the role that the advertising man can play in this was emphasized by two of the speakers at the annual meeting of the Southern Round Table of Life Advertisers Assn. at Miami Beach. W. J. Hamrick, vice-president of Gulf Life, talked on the increasing complexity of the life insurance business and the consequent need for making its functions understood, while Donald F. Barnes, Institute of Life Insurance, told what the institute is doing to familiarize life insurance people with the public relations work of the industry.

Mr. Hamrick said the life insurance business is one of the most complex businesses, making use not only of salesmen and executives but also doc-

dent's reception. The second day, with Don Parkinson of Southwestern Life presiding, there was the "Hot Ideas" session, having as participants Mr. Andrews; C. T. Chandler, Shenandoah Life; George Christopher, American National; H. D. Coey, Durham Life; John Ehle, Imperial Life; Charles C. Fleming, Life of Virginia; Mr. Locke; and Hal Marsh, Jefferson Standard.

Powell Stamper, assistant vice-president, National Life & Accident, presided at a session entitled "Three Sense Stamps that Stick," following which there was a skit, "A Day in the Life of an LAA-er".

## Mutual Life Devises Benefit Plan for Smaller Employers

NEW YORK—Mutual Life has devised a plan designed especially for the smaller employer, which will include in a single contract a complete line of employee benefit coverages. It is known as the "module benefits plan" and approval is now being sought from insurance departments.

Mutual has not released any infor-

mation on its new plan but some of the features are known to be these:

1. Only such employee benefits are provided as are desired, that is, it is not necessary to buy a fixed amount of life insurance for each unit of retirement income. It is not a package plan but is designed for maximum flexibility.

2. The premium has a "quality discount" feature which lowers the unit cost per number as the average size of benefits per member is raised.

3. Older employees will receive benefits without an undue financial burden being placed on the employer.

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### NEW OFFICERS

**Chairman—C. R. Andrews, Pilot Life.**  
**Vice-chairman—Don Parkinson, Southwestern Life.**  
**Secretary—Marion Davis, Provident Life & Accident.**

tors, lawyers, accountants, statisticians, actuaries and underwriters. He said the business is complex because there are new needs constantly coming up for which new solutions must be devised and the advertising man can help the agent to get a grasp of the situation.

Mr. Barnes exhibited the institute's film strip designed for people within the life insurance business. The strip has had more than 200 showings at more than 100 life underwriters associations besides company and agency meetings. He said the institute's work has grown so complex that it is hard to tell about it in a simple way, hence the film was developed. Following Mr. Barnes' talk there was a half-hour question period on the film.

C. R. Andrews, Pilot Life, program chairman, presided at this session, following opening remarks by Richard Hindermann of Pan-American Life, chairman of the Southern Round Table.

The members were welcomed to Florida by Joseph M. Locke, Gulf Life, David Tibbott, New England Mutual, brought greetings from L.A.A., of which he is president.

Luncheon speaker was Louie Throgmorton, vice-president and director of public relations of Republic National, who talked on "Manna for Mama," a humorous talk winding up on an inspirational note. He said a life agent has not really been initiated until he has delivered a death claim check on one of his policyholders.

That evening there was the presi-

### Fabre Replaces Imperiale in N. Y.

Albert P. Fabre has been appointed head of Prudential's Prospect Park district in Brooklyn. He succeeds Louis J. Imperiale who is retiring after 30 years with Prudential. Mr. Fabre joined Prudential as an agent in 1939, and was advanced to staff manager at Rockville Centre, N. Y., in 1949. He is president of the Long Island branch of New York City Life Underwriters Assn.

Samuel M. Hollander, Newark attorney, specializing in insurance matters, has been elected a director of American Progressive Health.

**MAKE YOUR RESERVATION NOW**

**THE LAND OF GOLDEN OPPORTUNITY FOR AGENCY BUILDERS**

**YOUR FUTURE FORTUNE**

**YOUR TICKET**

**The Golden Rule Contract**

**The GOLDEN RULE EXPRESS to IMMEDIATE PROSPERITY and FUTURE SECURITY**

Let the GOLDEN RULE COMPANY give you the easy route to building a successful agency by ATTRACTING STRONG MEN and by HOLDING YOUR BETTER MEN with UNBELIEVABLE REWARDS

**PLUS Friendly Home Office Co-operation**

**5-10-15 YEAR RENEWABLE CONVERTIBLE LOW-COST TERM**

**NON-CONTRIBUTORY PENSION PLAN—SUBSTANTIAL!**

**TERRITORIES:**  
Opportunities open in: California, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, North Carolina, Ohio, Pennsylvania, Texas, Virginia, Washington, D. C., and West Virginia.

**THE COLUMBUS MUTUAL LIFE INSURANCE COMPANY**  
Columbus 16, Ohio  
Carl Mitcheltree, Pres, Ben F. Hadley, Vice-Pres. & Sup't of Agents

## LIAMA Research Report

44% of U. S. Families  
Get Agent Call in  
18-Month Period

Almost one-half of all families are given an opportunity to buy insurance within an 18-month period. This finding is based on a research report, "Covering the Market," published by L.I.A.M.A.

A survey of more than 900 representative families shows that 44% reported being contacted by a life agent within the preceding 18 months, and 40% of those who received this opportunity actually made a purchase. The survey is based on research done for L.I.A.M.A. by the University of Michigan's survey research center.

The report shows that the proportion of families contacted by an agent is highest for those with children under 21, apparently a studied concentration as the proportion of those contacted who bought is higher in this group than in any other—48%. This is true even though the proportion of insured also is highest for this group.

Couples married fewer than 10 years, with the youngest or only child under

5, bought insurance in greater proportion (59 per cent of those contacted) than those married longer and with older children.

It was found there is greater agent contact and greater buying at the younger age groups, and that that insurance ownership, irrespective of recent buying, is more prevalent at the younger ages.

Insurance ownership was found to be highest in the occupation group which includes professional people, proprietors, executives and self-employed individuals. However, ownership is also highly prevalent among clerical and sales workers, and skilled and semi-skilled workers. Furthermore, of those who had agent contact and, therefore, the opportunity to buy, a higher proportion of skilled and semi-skilled workers bought than of the managers and proprietors. The report concludes that managers and proprietors are no better prospects than skilled and semi-skilled workers so far as buying is concerned, even though they may take larger policies when they do buy.

Only a few of the families interviewed said that inflation required a person to carry more insurance because their survivors would need more money.

## O.K. Mack for Director

E. L. Mack, Wichita, Provident L.A.A., and a past president of Wichita A. & H. Assn., has been endorsed by the Kansas association for director of International Association. Mr. Mack was general chairman of the Kansas A. & H. Sales Congress at Wichita early this month, which was addressed by International President John G. Gallo-way, Birmingham.

## Form Estate Life in Tex.

Estate Life has been organized at Amarillo, Tex., as a limited capital stock company. President is John L. McCarty of that city.

The company has \$25,000 capital and \$25,000 surplus. Chartered both for life and A. & H. originally, only the former cover will be written.

Other officers are Hugo Loewenstern, vice-president; Ivan Hudgins, secretary; B. D. Ball, treasurer, and J. D. Birkmeyer, sales director.

Cleveland Group Club Hears  
New Union Contract Trend

Since the cost of living seems to be declining slightly, it would be logical to assume that the trend in many union-company contract negotiations this year would be toward expansion of fringe benefits and group insurance, James Havighurst, Cleveland attorney, declared at a gathering of the Group Representatives Club of Cleveland.

Mr. Havighurst's remarks were directed chiefly toward the small, single owner employer with 100-500 employees.

Frank Nee of Travelers, secretary-treasurer, presided.

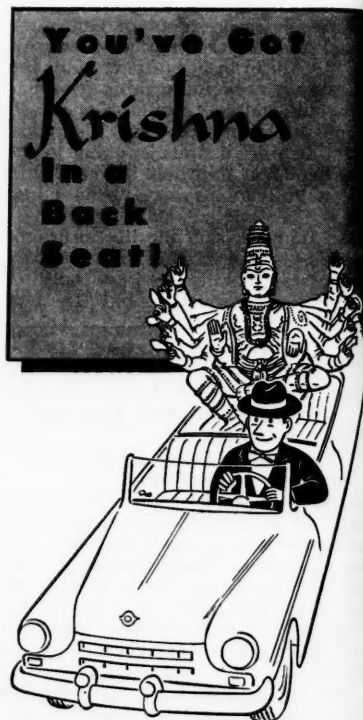
## Defeat Cal. TDB Increase

The bill sponsored by labor interests to increase the TDB benefits in California from \$35 to \$40 a week and to

establish a death benefit of \$15,000 in case of total dependency has been buried.

## Groupless Company's Group

Though Mutual Benefit Life does not sell group insurance, the ranking table of companies published in the April 24 issue of THE NATIONAL UNDERWRITER shows the company as having \$48,434,300 of group insurance in force under two group policies covering home office employees and field personnel.



For every arm with which the Hindu god Krishna protected some aspect of a devotee's life, you can offer tangible economic protection to your clients, in one of the many Columbian National Life Insurance plans

*In event of sickness, injury, or hospitalization, for illness or surgery*

Family Hospital Expense Policy  
Columbian Accident Expense Policy  
Individual Hospital Expense Policy  
Individual Sickness Expense Hospital Policy  
Preferred Risk Disability Policy  
Columbian Disability Policy  
Columbian Selective Accident Policy

**The COLUMBIAN NATIONAL LIFE INSURANCE Company**  
BOSTON 12, MASSACHUSETTS



"ALWAYS YOURS." That's what my wife wrote on the first photograph she ever gave me.

Then when we got married, the minister talked a lot about "always" and "forever." In a way he is the only person who can use such words with authority. Things of this world aren't too certain.

Anyway, I've arranged to make our marriage as much for always as I possibly can. No matter what happens to me, Mary will have proper food, clothes, medical care, and entertainment. She will continue to live in the comfortable home we built together. These will mean more to her than just getting by. Life will still be worth living.

You see, Lutheran Mutual fixed things up with their Preferred Risk plan. In the event of my death, she will receive a tidy sum immediately. Then each month afterwards the postman will bring a check to keep things going as they should.

Such a plan makes me happy, because when I said "I will," I meant it "for always."

**Lutheran Mutual** LIFE INSURANCE COMPANY  
HOME OFFICE • WAVERLY, IOWA

*This advertisement will be run in magazines read from coast to coast*

*Agents!*

## Do You Want--

- ✓ Large Commissions
- ✓ Steady Renewals
- ✓ Standard Policies

(rates and provisions competitive with every old line legal reserve life company in the U. S.)

## ✓ Special Policies

(two of them, both sure-fire best sellers.)

## ✓ Established Territories in the South

## ✓ Brand New Territories in Texas and Oklahoma

## ✓ A Sound Company

National Equity Life has operated in the South for 28 years, and is now expanding into Texas and Oklahoma.

This may mean unusual opportunities for you.

Write today for full information.

**NATIONAL EQUITY LIFE INS. CO.**

Little Rock, Arkansas

C. E. LOWRY, President



## Denies Charges in Suit Against Officers of American, Ala.

A denial to charges made in a suit against officers of American Life of Alabama has been made by President Thomas W. Wert in a letter to stockholders and in newspaper advertisements.

The suit filed at Birmingham by certain stockholders, asking that a receiver be named for the assets of Mr. Wert, M. S. Hobbs, secretary, and Mrs. E. B. Montgomery of that company, alleged that "American Life is either insolvent, or approaching insolvency," and further complained that Mr. Wert and Mrs. Montgomery are jointly liable to the company for \$1,448,395 for various fees and commissions illegally approved.

Mr. Wert denied that the income of the company had declined since 1950 as charged in the suit. He noted that gross income for the year ending 1950 was \$2,815,154, as against \$3,979,740 at the end of 1952. He further stated that assets at the end of 1950 of \$7,365,993 rose to \$9,272,706 at the end of 1952; insurance in force rose from \$62,478,768 to \$83,333,245; premium income from \$2,429,241 to \$3,610,018.

Answering charges that the company filed inaccurate and untrue statements with the Alabama department as to its financial condition, Mr. Wert said that when the complaint originally was filed against the company, an examination conducted by the Alabama insurance department "completely exonerated" the company from the allegations.

Though purportedly instituted by a "group" of stockholders, Mr. Wert said the original suit was brought by Floyd B. Powell, one-time employee of the company who now is dead, and his ex-sister-in-law, who together owned only 40 shares out of 46,172. Before the company's stockholders' meeting in March, Mr. Wert said four stockholders unsuccessfully sought a bill enjoining proxy nominees from voting their own stock as well as the proxies. The case was thrown out of the court, and, on appeal, received the same treatment in the state supreme court.

Mr. Wert declared that three of these four persons had purchased their stock less than three weeks before the meeting and the other some months after Powell had filed the original suit. Two of these had 25 shares each and another 64 shares.

One of the stockholders, according to Mr. Wert, has made a "flattering offer" for the stock of some of the company officers, though the latter declined, informing the offeror that "should we ever consider selling our stock above the market price, every other stockholder must have the same offer made to them."

## Remote Kin of F.D.R. Buys Northwestern Mutual Policy

A \$40,000 Northwestern Mutual life insurance policy on the husband of socialite Eleanor Roosevelt Wadsworth, Geneseo, N. Y., was presented to Mrs. Wadsworth by Grant L. Hill, vice-president and director of agencies, who flew from the company's home office for the occasion.

Mrs. Wadsworth is the daughter of Henry Latrobe Roosevelt, late assistant secretary of the navy, who was a cousin of the late President Franklin D. Roosevelt. Her mother is the former Eleanor Morrow of California.

Mrs. Wadsworth's husband is Rever-

dy Wadsworth, son of the late United States Senator, James W. Wadsworth, New York. He is a great-grandson and namesake of Reverdy E. Johnson of Baltimore and a grandson of the late Representative James W. Wadsworth of New York and of the late John Hay, who served as Secretary of State under Presidents McKinley and Roosevelt.

• Emil R. Piccola has been appointed head of Prudential's Yonkers, N. Y. district. Mr. Piccola joined Prudential in 1946 as an agent at Paterson, N. J. in 1951 he was named manager at Haverstraw, N. Y., where he has been until his present appointment.

## Hennessey Elected by Government Personnel; Mother Heads Board

P. J. Hennessey, Jr., son of the founder of Government Personnel Mutual Life, was elected president of the company. His mother, Mrs. B. T. Hennessey, who had been president, was elected chairman of the board.

Mr. Hennessey said his company is planning a program to sell life insurance to civilians. Up to now only government personnel have been solicited.

Maurice Roberts, actuary, was elected vice-president and actuary; N. R. Ludwig, assistant treasurer, and Stanley Cole, who has served as agency director for the American Hospital Life and Southern National Life, was elected agency director.

## Conn. General to Build

A total of 268 acres of land in Bloomfield, Conn., have been purchased by Connecticut General Life for the site of its new home office building. Exact location will be five miles northwest of Hartford.



*His jokes were the wisdom of a people*

Now, about this fellow Will Rogers—how are you going to explain to somebody who never saw him just why he was one of the real, honest-to-gosh heroes of this country?

He never did any of the things a hero is supposed to do. Never invented anything. Never discovered any place. Never built an industry, led an army or got to be President. Fact is, he never even tried.

All he did, mostly, was kind of laze around on a stage, and twirl a rope, and look rumpled, and talk.

But when Will Rogers talked, something strong and happy in you found a voice. He'd go on about politics and economics and all those deep things that are usually talked about in hard and worrisome words. And what Will had to say was always so easy, so sensible and so right that it made you feel good, and it made you laugh.

Like the time Will got to talking about 100 per cent Americanism.

"The first thing I find out," he said, "is there ain't any such animal. This American

Animal is nothing but the big Honest Majority that you might find in any Country. It looks to me like he is just an Animal that has been going along, believing in right, doing right, tending to his business, letting the other fellows alone. He don't seem to be a Prodigy, and he don't seem to be a Simp. In fact, all I can find out about him is that he is just NORMAL."

Maybe the really great ones are those who remind us of what we are. And that must have been why, when comfortable, sassy old Will Rogers ambled out on the stage, looking like a fellow who'd be nobody's master and nobody's fool, you knew at once that the whole strength and point of America was in front of you. He was the good sense, the good heart, the good fun that democracy adds up to. He was what we are, and what we are driving at, and what we must never—even when the going is tough—forget.

*John Hancock*

MUTUAL LIFE INSURANCE COMPANY  
BOSTON MASSACHUSETTS

## State Mutual Life Western Leaders Meet at Chicago

More than 100 top western agents of State Mutual Life attended a regional meeting at Chicago.

Greetings from President H. Ladd Plumley, Vice-president Robert H. Denny and John B. Nothhelfer, Chicago, president of the General Agents' Assn., set the stage for the three-day parley.

Charles F. Harris, 2nd vice-president, announced a new "preferred protector" policy and the addition of a "juvenile thrift builder" contract, both to be available next month. Richard N. Lawrence, Denver, Kenneth W. Miller, Cincinnati, and Donald E. Cowgill, Dayton, discussed sales ideas they have used with success. Dr. Francis P. Bicknell, associate medical director, cited numerous examples to show how the field men can help the home office medical branch give better and faster service to the policyholder.

During a panel on group insurance conducted by Arthur A. Dunn, assistant secretary; Abbott P. Allen, associate manager of the term and casualty underwriting department; and Donald C. Day, assistant manager of the sales department, concrete reasons were presented to explain increased rates, more stringent underwriting rules and

stiffer renewal actions on casualty lines. It was announced that a new table of maximum amounts for group life permitting increased coverages has been adopted and that liberalizations of settlement options and beneficiary arrangements are forthcoming.

Other speakers were Paul H. Schellhase, Cleveland; Delman B. Clark,



At right is H. Ladd Plumley, president of State Mutual Life, presenting the President's Club award to Roy E. Stringer, Detroit, at the Chicago regional meeting.

Dayton; John F. Lucchesi, Memphis; Bruce K. Elliott, Chicago; Charles F. Meininger, Detroit; Alvin C. Joslin, Indianapolis, and Kenneth L. Means, Chicago.

Joe B. Long, superintendent of agencies; John R. Fitzpatrick, assistant superintendent of agencies, and George Paul Smith, agency secretary, presided at the sessions.

State Mutual will soon step up its pension trust activities and Charles W. Earnshaw, training director, discussed various phases of this development.

## Name Dean Mitchell as Iowa Life Manager

Dean W. Mitchell, manager of Iowa Farm Mutual for two years, has been named manager of Iowa Life of Des Moines. Both companies are operated by Iowa Farm Bureau.

Mr. Mitchell succeeds John Weaver who has been named executive vice-president of United States Life.

Mr. Mitchell, a graduate of Drake University, entered insurance in 1940 and joined the Farm Bureau company in 1948.

## Prentice Elected Assistant Treasurer for Berkshire

Berkshire Life has named Chester H. Prentice assistant treasurer. He is a veteran of World War II and the Korean war.

Berkshire has established a home office policyowners service division to handle claim settlements, maturities, surrenders, loan applications, beneficiary designations and other changes in its life insurance policies.

The new division has been placed under the supervision of M. G. Roy Wallace, assistant secretary, who will be assisted by Leland C. Talbot, Lawrence R. Kimple and Lester Shepardson.

## Report on Gov't Actuaries

WASHINGTON—A report of the bureau of labor statistics on "Federal White Collar Workers" indicates that on June 30, 1951, the government employed 49 actuaries. On the same date in 1947, the report indicates that there were no actuaries employed by the government. There were, however, 759 persons classed as "Actuarial Clerical" at that time, compared with 368 so classified June 30, 1951.

The report shows the average annual salary of government actuaries in 1951 was \$5,988 while average salary of "actuarial clerical" employees was \$3,064.

## Weingarten Open House

The recently appointed Lewis Weingarten agency of Union Casualty & Life in Brooklyn held open house in its newly redecorated quarters at 26 Court street. With Mr. Weingarten as hosts were Dr. Leo Perlman, executive vice-president, Roy Foan, vice-president and director of agencies, and Samuel Cosman, vice-president and counsel.

## Dr. Thompson Joins Durham

Durham Life has appointed Dr. W. Nelson Thompson medical director. A graduate of Boston University school of medicine, Dr. Thompson was a resident physician at Rex hospital, Raleigh, until entering army service in 1942. He has practiced medicine at Raleigh since 1946.

## N. Y. Life Issues Group Booklet

New York Life has issued *Trends in Group Coverages*, a 30-page booklet by Wendell Milliman, vice-president in charge of the group department. It is based on a talk by Mr. Milliman before the University of Connecticut school of business administration. It covers group, life, weekly indemnity, and the health care coverages.

## Leads Nat'l Old Line Over Million in Force Mark

W. E. Darby is president of National Old Line Life which held a two-day celebration at Little Rock to commemorate its passing the \$100 million insurance in force mark. The company is the first Arkansas insurer to reach this amount.



W. E. Darby

The company has purchased a site right in front of the state capitol building on which it plans to construct a five-story home office to cost in excess of \$1 million. Construction will start shortly on the building. It will have 60 thousand square feet of floor space.

A large number of guests, including Governor Cherry of Arkansas, and insurance commissioners of several states, attended the celebration.

Organized in 1926 as a mutual legal reserve company, National Old Line four years later became a stock insurer. In 1945 control of the company was purchased by Mr. Darby and T. F. Taylor, Jr., Europa, Miss., chairman.

## Names Jacoby, Isom

Security Benefit Life has named Robert E. Jacoby associate actuary and L. Warren Isom assistant actuary.

Mr. Jacoby formerly was an actuary with the Kansas department and before that was assistant actuary with the Illinois department. He is an air force veteran. He completed post graduate actuarial work at the University of Michigan.

A navy veteran, Mr. Isom is a recent graduate of Drake University.

## Record a Month for '53

For the first quarter of 1953, New England Mutual Life shows a gain of \$9,167,482 or 8.95% in paid-for new business over the similar period of last year. Sales in January, February and March were the largest ever for those months, while January's \$43,067,739 set a new ceiling over all previous months.

## Eligible For Life Insurance Company Investment Under the Laws of the State of Texas

**BROADWAY PLAN BONDS**

**SAFE  
SOUND**

5% INTEREST  
PAYABLE  
SEMIANNUALLY

**16 YEARS EXPERIENCE  
OVER 300 CHURCHES  
NEVER A DEFAULT**

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## What is REAL job security?



*At General American Life,*

*it's more than  
a contract*

*it's a* **LIFETIME SECURITY FRANCHISE**

As a thoughtful insurance man, you are properly concerned about your own future. But what is job security? Isn't it more than just what's in your contract? We think it is much more.

That's why we not only include

- ... liberal compensations for sales achievement
- ... extra bonus for quality business
- ... non-contributory provision for old age

but we go beyond the contract with many plus factors:

- ... group insurance plan for agents
- ... bonus prize point earnings
- ... all expense paid vacation-conventions
- ... salable merchandise with effective sales aids
- ... extensive education and training helps
- ... aggressive, progressive company philosophy

to give you real job security—a Lifetime Security Franchise.

As Powell B. McHaney, President, says, "For those who possess the ability, the energy and the determination to succeed, we believe L S F provides a franchise on happiness."

## General American Life

One of the nation's leading mutual legal reserve companies  
**ST. LOUIS, MISSOURI**





# Sales Ideas That Work

## Duties, Responsibility of Agency Manager Scanned in St. Louis Conference Talks

The American public is not interested in the American agency system as such, and it must to survive solely on its ability to serve the life insurance needs of the people, Charles J. Zimmerman, L.I.A.M.A. managing director, warned in his address on "Trends in Distribution" that brought to a close the annual St. Louis Agency Management conference.

The conference, under the joint auspices of the St. Louis Life General Agents and Managers Assn. and Washington university's school of business and public accounting, was attended by some 125 insurance men and women, mostly general agents or branch office managers for life insurance companies operating in St. Louis.

The agency system must do a better job of selling more people as individuals "because life insurance is losing the personal field", Mr. Zimmerman said. Men have always wanted not only personal security, but freedom and liberty, he said. "If we are to have both, they must be obtained and secured by our own efforts. That's exactly where life insurance steps into the picture. The need for the individual protection that life insurance alone provides becomes increasingly necessary as our economic system becomes more complex."

The breakdown in the family relationship that has taken place in America in recent years as children have changed their views regarding the care of parents has separated us from the old ideals, he said. "Basically this situation provides for us the opportunity to attain a greater place in the national economy than ever before."

In pointing out several dangers he has seen in the present life insurance situation, Mr. Zimmerman touched upon what he called the production emphasis on big cases while the \$3,000 to \$5,000 market is sadly neglected and the almost total neglect of the "blue collar" market that has developed in the economy.

He noted the improved financial situation of many segments of the population in this period, and said, "A remarkable redistribution of income has been taking place and we haven't caught up with it as yet. Our agents have lost some of the cases of ordinary life insurance they could have closed," he added. "In fact, the cases of ordinary life insurance paid for have been decreasing from year to year, being 11% below the 1941 total in 1952. We are selling fewer and fewer people." He contrasted the gains made by individual sales of A. & H. hospitalization plans and pensions plans with life insurance.

He criticized some attempts to tie social security in with life insurance and expressed doubt that it has really helped, except, perhaps, to open the way to talk about life insurance. But, on the other hand, he said social security is blocking some sales of life insurance to individuals who really need protection.

"Social security is not life insurance," he emphasized. "Social security is not guaranteed as is life insurance. It is subject to change. The fellow who

is getting social security today didn't pay for it. Those paying for it today can't be certain as to the benefits they shall eventually obtain."

The two-day management conference opened with a talk on "Raising the Sights of Our Men," by Earl M. Schwemm, Chicago agency manager for Great-West Life. Mr. Schwemm stressed the necessity, in selling life insurance, of having a knowledge of the outside influences that affect the business. A general agent or agency manager cannot keep abreast of life insurance trends without appreciating the effect of outside influences on the business.

Touching on high taxes, Mr. Schwemm said there is no sense in taking a 6 per cent investment risk to get a 3 per cent net return, because taxes take an average of 50 per cent on most investment returns. He contended that with a definite deflation period at hand, it is again time to sell life insurance as an investment.

Life insurance must be sold on a personal basis, he said, declaring that the branch manager or general agent must function strictly as a sales manager.

Karl H. Kreder, 3rd vice president, Metropolitan Life, spoke on "Management Training." He said Metropolitan stresses practical training and added, "if training is interlarded in the whole beef of management, it is worth while."

He explained that Metropolitan does very little agent training, passing along that responsibility to its managers and their assistants. The training is designed to integrate insurance selling into the whole economic structure of the country and to train agents to take full advantage of today's markets.

He said 95% of his company's managers receive at least two weeks' intensive training.

Francis L. Merritt, vice president and director of agencies of Central Life of Des Moines, the concluding first day lecturer, spoke on "Building Habits Into Men." "You must train the new man's thinking," he said.

Mr. Merritt deplored a recent study which indicated that only 8% of college graduates were interested in selling as a career. Personal selling is the only way to sound distribution and the day when there are no salesmen left in America the country will have gone Communist, he declared.

Ray Dolwick, general agent at Cleveland for Northwestern Mutual, opened the second day of the conference with a talk on "Stimulating Agency Prosperity." "The most important thing we have done to stimulate prosperity in our agency," he declared, "is to have recruited 12 men during the past five years who during 1952 paid for \$4,896,000 of new business—43% of our volume. I could end this talk right here and you would have 75 per cent of our story."

"The idea of recruiting to a natural market is excellent," he said. "If a new man has a natural market, it helps a lot." Mr. Dolwick stressed the importance of the attitude of the clerical force toward the agent, saying: "Their attitude toward him can lift him up in the

clouds or put him in the dumps. Members of our office staff watch an agent's cases and compliment him on bringing in a case or sympathize with him when he misses. We try to keep our staff buoyant in their dealings with our sales force."

W. Gibbs McKenney, member of the Baltimore law firm of Lowe and McKenney, outlined ways to use tax laws as a basis for good estate planning and spoke about pensions and deferred compensation for key executives.

He declared that the businessman usually recognizes that he requires life insurance protection and he buys it readily, especially when it is the corporate dollar being spent for the premiums. Business men are the best estate planning prospects because they need that service most, Mr. Kenney said. He stressed the necessity for life insurance men to co-operate with attorneys and trust officers in the estate planning field.

W. Stanley Stuart, district manager, General American Life, was conference general chairman.

• Fifteen agents of Bankers Life of Iowa attended a home office sales training school.

## Bankers, Ia., Vet Retires

Marcellus M. McMichael has retired as supervisor of the conservation division of Bankers Life of Iowa after more than 45 years of service. He was the last active staff member to have worked under all five of the company's presidents.

Mr. McMichael was named supervisor of the reinstatement division, now known as the conservation division, in 1920.

## Ross Kennedy in Trouble

Ross Kennedy, who is involved in the three banks in the Chicago neighborhood that were closed and who has Bankers Discount Corp. of Dallas, also has insurance interests. He is head of Presidential Life of Dallas. Bankers Discount Corp. filed a petition in bankruptcy. Two of the banks in Chicago are still closed, they being First State Bank of Elmwood Park and Devon North Town State Bank of Chicago. Presidential Life is in the credit insurance field.

• A clinic on problems involved in the testamentary disposition of an estate was conducted for the San Antonio C. L. U. chapter by Forney N. Owling, attorney.



"He's hiding behind the door, Mister—And does he need more insurance!"

## Bankerslifemen Are Welcome

When Bankerslifemen come to call they are welcome . . . and even the dog may get into the welcoming act—usually, we'll admit, as a tail-wagger rather than a conversationalist.

Bankerslifemen have earned the right to be welcomed by bringing to an interview the necessary knowledge and the effective policy forms to meet the prospect's needs. They have been trained from their earliest days in their agency offices, under careful supervision, and have supplemented that training through study and Home Office schools. They are continuing students of new developments in the life insurance business. They keep themselves worthy of welcome.

Their service-minded and knowledgeable approach to any interview makes Bankerslifemen the kind of life underwriters you like to know as friends, fellow workers or competitors.

**BANKERS Life COMPANY**  
DES MOINES, IOWA

## Bagby, Pacific Mutual, Assistant Vice-President

Wesley S. Bagby has been elected assistant vice-president of Pacific Mutual. Mr. Bagby, with Pacific Mutual since 1927, became manager of the company's underwriting and policy issue departments and a member of the home office management committee following his return from military service. In 1951 he was named assistant treasurer. He is a fellow of Life Office Management Assn.



Wesley S. Bagby

## Passes \$100 Million in Force

Southern Farm Bureau Life of Mississippi has passed the \$100 million insurance in force mark. It was organized Jan. 2, 1947.

## N. Y. Health Insurer Ups Rates

NEW YORK—Health Insurance Plan of New York City, which provides medical care insurance through panel of doctors, has raised its yearly rates from \$34.56 to \$42.72 for single persons; from \$69.12 to \$85.44 for couples; and from \$103.68 to \$128.16 for families of three or more. Reason given as the increased cost of medical care.

## Cheek to Increase Gulf Life Shares, Reduce Par Value

Directors of Gulf Life will hold a special meeting at Jacksonville to vote on a proposal to increase shares from 50,000 to two million and reduce par value per share from \$10 to \$2.50. About a month ago, 150,000 of Gulf's outstanding shares were purchased by group of investment houses headed by Equitable Securities Corp. of Nash-

The McClure general agency for Continental Assurance at Kansas City, has moved to new quarters in the Insurance Exchange building. An open house was held.

William F. Ewton has been named home office supervisor for Volunteer State Life. Mr. Ewton formerly was an agent for the company at Nashville.

ville, Tenn. The price paid per share was about \$116. It was announced at that time that the investment houses planned to redistribute the stock to the public.

Presumably the proposal to lower the par value per share is intended to set up a price that will be more attractive to the public.

## To Form University Life

University Life has filed notice of intention of incorporation with the Indiana department and will operate as a stock company.

Principals of the new company are officers of College Life of Indianapolis, a company which writes insurance only on college seniors. They are Frank M. Moore, president; John Burkhardt, vice-president and treasurer; Robert C. McDermond, secretary; and Dick Pettigrew, director of agencies.

## Plan Joint Newark Outing

Newark Life Insurance & Trust Council, General Agents Assn. of Northern New Jersey, and Newark Supervisors Assn. will hold a joint meeting at Mazdabrook Park, June 3. There will be a full program of sports and dinner.

## National, Vermont, Names Lawhead at Indianapolis

Leon Lawhead has been appointed general agent at Indianapolis for National Life of Vermont to succeed Victor E. Pinkus, retiring after twenty-five years in the position.

Mr. Lawhead, in the business nearly 12 years, formerly was associate general agent at Indianapolis for State Mutual Life. He is a navy veteran of World War II.



Leon Lawhead

## A. & H. Notice Period Plan Fails in N. C.

RALEIGH, N. C.—A plan developed by Commissioner Cheek at the request of several legislators to require companies to give progressively longer periods of notice before cancelling accident and health policies died in the closing days of the North Carolina

general assembly, which adjourned on April 30.

Under the plan, after the first year of coverage the period of notice would increase one week for each month an A. & H. policy remained in force. Company opposition killed the plan in the senate after it had been approved by the house.

Rep. Arthur Goodman of Mecklenburg, one of the introducers, was critical of Commissioner Cheek in early stages of work on that measure, because the commissioner advised the companies the proposal was pending. However, Goodman changed his mind completely about Cheek as the session progressed.

When the plan was being studied by a senate judiciary committee, Goodman appeared before the committee and told it, "Mr. Cheek is the best insurance commissioner we've ever had."

## Increase Flow of Dividends

Phoenix Mutual Life has increased its schedule of dividends to policyholders an average of 10%. This will mean a rise of about \$500,000 in additional dividends over a 12-month period, beginning July 1.

Individual dividends in many cases have been increased considerably more than 10%, and a proportionately larger share of the increase goes to more recently issued policies with relatively low reserve accumulations. The company is continuing its interest rate of 3% on dividend accumulations and supplementary contracts.

B. L. Holland, president, said the increase is based primarily on favorable mortality experience and a lower expense factor due to the fact that policyholders are purchasing larger average sized policies.

## OK A. & H. Bill for D. C.

WASHINGTON—A Senate subcommittee reported favorably to the Senate District of Columbia committee the individual uniform accident and health provisions bill for the D. C.

## Raise Bluebond, Owens on Coast

Prudential has appointed Norman M. Bluebond assistant manager of the Jason agency at Los Angeles and Richard H. Owens, assistant manager at Pasadena.

Mr. Bluebond, an air force veteran, has been with the Jason agency for

one year. Mr. Owens has been with the company since 1950 at Pasadena.

## La. Blue Shield Blows Up; Merger Is Effectuated

The business of Louisiana Physicians Service of Blue Shield plan has been absorbed by Continental Service Life & Health of Baton Rouge. Continental is barred from using the name of Blue Shield and L.P.S. agrees to stay out of business for five years. This was organized by Louisiana Medical Society and has been in hot water financially. Commissioner Martin ordered L.P.S. to increase its surplus and instead the deal with Continental was worked out.

L.P.S. was organized after the last war as an industrial life company to provide surgical coverage in connection with Blue Cross contracts. Original capital was put up by doctors in Louisiana through Louisiana Medical Society. It operated in conjunction with the various Blue Cross units in the state, exclusive of the New Orleans unit, and reportedly was the only Blue Shield organization in the state.

About five years ago, all Louisiana Blue Cross units, except the one in New Orleans, consolidated into Louisiana Hospital Service. The Hospital Service and L.P.S. issue joint contracts on most group cases, and worked together on collection of premiums, etc. This arrangement was terminated about two years ago and since that time they have operated independently, both selling hospitalization and surgical benefits.

## U. S. Life Names Dicks

United States Life has named Clayton H. Dicks manager for the life department of the Blankenhagen general agency at Detroit. He entered the business there with Occidental Life of California in 1945. Mr. Dicks is a veteran.



Clayton H. Dicks

## D. C. Director Quits

WASHINGTON—Melvin L. Dollar has resigned as executive director of Group Health Assn. after seven years to join a contracting firm.

## Fla. Tax Measure Passes

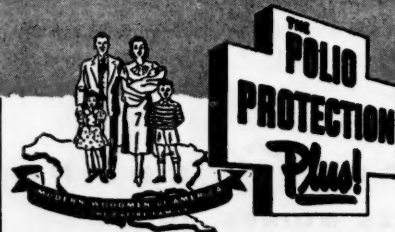
A bill designed to encourage more insurers to establish regional offices in the state was given final passage by the Florida legislature and sent to the governor.

The measure provides that foreign insurers can offset against the 2% premium tax any ad valorem tax paid counties and cities on any building owned and occupied in Florida, providing the branch serves three or more states. It will permit a reduction of at least 50% in the tax but not more than 80%.

The move is intended to encourage the establishment of regional branches in Florida, similar to that which Prudential plans to locate at Jacksonville.

• Bert Coons and Louis Baldonieri have been named sales and production managers of Life Associates, Chicago agency representing Continental Assurance and Continental Casualty. Mr. Coons formerly was treasurer of Reinsurance Agency of Chicago and manager of the Lloyds department of that firm and before that was manager of the insurance finance division of First Bancredit Corp. Mr. Baldonieri has been with Life Associates for about a year.

Modern Woodmen  
of America  
FOR 70 YEARS A  
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## Navy Aid Assn. Offers \$7,500 Cover to Officers

Navy Mutual Aid Assn., the non-profit organization which has filed suit in federal court for a declaratory judgment barring Superintendent Jordan from forcing compliance with District of Columbia insurance laws, provides low premium \$7,500 life policies for navy, marine and coast guard officers. It also has an extra hazardous duty coverage at premiums as low as 50 cents per month per \$1,000 of insurance.

Headed by the chief of naval operations, N.M.A.A. has its headquarters in the Navy Department office. The association contends that its activities "do not come within the purview" of D. C. insurance laws.

N.M.A.A. contends that because all its activities are conducted on government owned or controlled property, and for the benefit of career officers in the armed forces, "local regulatory statutes" of Washington are not intended by Congress to apply to organizations of its type. Further, it holds that the federal government and its respective departments "have authority and jurisdiction, exclusive of that of any state or territory or of officials of D. C.," to regulate insurance operations on all military installations owned by the government.

According to the N.M.A.A. suit, it has more than 10,000 members and more than \$75 million insurance in force. It was formed in 1879 and in recent years switched from an assessment to level premium basis.

## More Prudential Meets

More than 500 Prudential district producers and managers from the southwest, Canada, Illinois and upper New York state, were on hand for the three-day President's Club conference at Palm Beach, Fla.

Principal speakers were: President Carol M. Shanks; Charles Fleetwood, James E. Rutherford, and Louis R. Menagh, Jr., vice-presidents; W. Jackson Letts, and James G. Shuttleworth, 2nd vice-presidents; A. Gordon Nairn, director of agencies, Toronto; Kenneth L. Brooks, director of sales promotion.

A second wave of Prudential district aces—more than 550—descended upon Palm Beach, Fla., for a three-day gathering.

Milton C. Bartlett of the Fairlawn district, Akron, O., was recognized as top district producer at the opening session.

Talks were given by John Ferris, 2nd vice-president; Peter C. Zimmer, director of agencies for the north-central region; Charles W. Campbell, vice-president at Jacksonville, and Louis E. Kelly, director of agencies for the Michigan-Indiana region.

## Promote Davidson, Hogg

Confederation Life has advanced J. C. Davidson, associate actuary, to executive actuary, and A. R. Hogg, manager at Hong Kong, to supervisor of field service. The company has also named W. K. Shorey group sales secretary, and G. C. Mills, associate group secretary.

In addition, the company has appointed H. T. Griffiths manager at Vancouver, succeeding R. H. Squire, who retires after 35 years with the company. F. P. Price is the new division manager at New Westminster, B. C., and J. P. Roberts becomes group representative at Lansing, Mich.

## New Farm Bureau, O., Policy

Farm Bureau Life of Ohio has introduced a new participating \$10,000

minimum policy. This has been termed a business and professional policy and is issued in the endowment at age 90 plan from ages 15 to 65, inclusive, both standard and substandard. Cash values are equal to the net level premium reserves at the end of the 20th policy year and thereafter.

## Loyal Protective Winners

Winners in their respective divisions in the inter-agency contest conducted by Loyal Protective are: Pacific division, Alice R. Hole agency, Spokane; Central division, Joseph R. Morrow agency, Columbus, O., and Midwest division, Hubert K. Jackson, general agent, Chicago.

The awards were presented by Agency Vice-president Fred R. Henning at victory banquets held by the agencies.

## Beaumont Managers Elect

Beaumont (Tex.) Managers elected John L. Bailey president, succeeding R. H. Magruder of Amicable Life. S. Ramon Dale of Southwestern Life is the new vice-president, and M. V. Calandra is secretary-treasurer.

## Penn Mutual Agency Merge

The Thomas E. Gray general agent for Penn Mutual Life, Tampa, Fla., has assumed direction of the general agency at Jacksonville formerly headed by Albert M. Avery, III. Mr. Avery returns to the Faser agency at Boston. Mr. Gray is past president of Florida C.L.U. chapter and vice-president of Florida Assn. of Life Underwriters.

## Union National Limits Up

Union National Life has increased non-medical limits for ages 5 through 39 from \$6,000 to \$7,500. Limits for ages 0 through 4 and 40 through 45 remain at \$6,000.

Retention limits for life insurance have been increased from \$15,000 to \$20,000 and for double indemnity increase is from \$5,000 to \$10,000.

## St. Louis "Key Man" Talk

St. Louis A. & H. Underwriters Assn. heard a talk on "Key Men Business Insurance Ideas that Sell for Me" by David A. Truman of the Coffman Truman agency of Columbian National

## WHEN AND IF

WHETHER a man buys Term to cover a temporary need or as an option on more permanent insurance, two things are clear:

Temporary needs sometimes become permanent needs. And options occasionally need to be extended—until the policyowner is financially able to convert.

Hence the need for Term insurance that will convert when desirable and renew if necessary.

Occidental Life offers short-term plans that renew as often as necessary—to policy anniversary nearest age 64—and convert at any time—to anniversary nearest age 65.

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INSURANCE COMPANY OF CALIFORNIA

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W. B. STANNARD, Vice President

"WE PAY AGENTS LIFETIME RENEWALS... THEY LAST AS LONG AS YOU DO"

## EDITORIAL COMMENT

### These Questions Face N.A.L.U.'s Leaders

"Whom shall we appoint as managing director?" is by no means the only question that faces National Assn. of Life Underwriters leaders in finding a successor to Benjamin N. Woodson.

In view of the comparatively brief tenure of recent holders of that office, it would seem that the first in logical sequence should come answers to such questions as these: Does the structural setup of N.A.L.U. put too heavy and diverse a load on the managing director? Is he subject to being pulled in too many directions by differing viewpoints represented in the association's leadership? Within the policy framework laid down by the trustees, shouldn't the managing director be allowed more autonomy in carrying out that policy than the present setup provides? And finally, shouldn't there be provision for a top-level staff considerably larger than at present, to permit the managing director to delegate more of his work than is now possible?

There has been not so much as a hint that any part of "Woody" Woodson's reason for leaving to become president of American General Life was being fed up with the pressures of his job. There is ample motivation for his move in the attractions of his new post. Yet it may be contended that no amount of appeal offered by a company position should be enough to pull away from the N.A.L.U. job a man well suited to the spot. This could be true, it seems to us, if the N.A.L.U. job were "right" and if the questions posed above were satisfactorily answered.

Interestingly enough, questions along these same lines arose two years ago, and for a time it appeared that some fundamental answers had been found. It was planned then that the by-laws would be changed at N.A.L.U.'s next convention to make the managing director the chief executive officer of the association, reporting direct to the board of trustees. The analogy widely quoted at the time was that he would occupy a position like that of city manager in a municipal administration, with the N.A.L.U. president being comparable to the mayor.

That change could have profoundly affected the affairs of N.A.L.U. and if it had gone through as contemplated it is a pertinent question whether the present managing director could have been persuaded to leave, even for

the excellent position he is taking. But the N.A.L.U. board and national council at the Los Angeles convention declined to approve this arrangement. And it is an ironic twist that if the trustees had ratified the original basis on which Mr. Woodson was engaged he would not have been in a position to accept American General's offer—or any other—until 1956. It was originally understood that there was to be a five-year contract, equally to give security to the man and to cut down turnover in the job. This was, however, abandoned when the proposed amendment to the by-laws fell through.

The restrictions on the managing director's authority may well be one of the reasons, along with the others indicated in the questions we have posed, why the managing directorship of N.A.L.U. is regarded by many as the most strenuous and exacting job in the entire life insurance business. And aside from the question of authority, is it truly efficient to expect one man to carry so much of a load as he carries under the present setup?

Even for the most energetic, there comes a point when a continuing overload produces frustration instead of a sense of accomplishment. It makes it difficult to find someone willing to take over the job who is also qualified for it. And even after he takes it, the multiplicity of tasks adds to his difficulties in learning the new job. The only answer here seems to be to provide a large enough team so that the managing director can delegate his work to a much greater extent than has been possible under the present arrangement.

What about the role of trustees and the elected officers? It is only necessary to take a look at the other major life insurance organizations to see how different they are from N.A.L.U. in this respect—and to note that those that have headquarters staffs seem to have no great problem of turnover among the top personnel. The chiefs-of-staff of these organizations are highly regarded for their competence and leadership but nobody considers that they have a particularly harassing time. Perhaps part of the reason is that the boards of directors of these organizations are composed of men who have boards of their own to deal with and are hence more likely to be pretty keenly aware of where to draw the line between the respective roles of the board and of management for

the most effective operation.

Lacking this experience in being on the receiving end of a board's policy directives, N.A.L.U. leaders can hardly be blamed for forgetting the cumulative effect that results from trying to keep too many reins in their own hands and for failing to realize how this can complicate a managing director's life.

Yet now that they are faced with seeking a new managing director for the third time in recent years, N.A.L.U. trustees might well consider if there is anything about the present organizational setup that could be changed to induce longer tenure on the part of managing directors—and in the process prove advantageous in countless other ways.

## PERSONALS

**Milton J. Wood and William J. Reid**, whose advancements by Travelers to vice-president-actuary and assistant secretary, respectively, were reported in last week's late news bulletins, have been with the company since 1926 and



Milton J. Wood



William J. Reid

1931, in the same order. Mr. Wood, who started in the actuarial department and has been chief actuary since 1950, is a fellow in Society of Actuaries. Mr. Reid began in the claim department of the Brooklyn office and has been an examiner since 1941. He is a member of the New York State bar.

**Loren Laughlin**, former Nebraska insurance director, has received the civil service appointment of hearing examiner in federal labor relations at Washington.

**Morgan B. Brainard**, president of Aetna Life, has been elected chairman of New York, New Haven and Hartford Railroad. He is the senior member of the railroad's board, having been associated with it for more than 20 years.

**Paul Clark**, president of John Hancock Mutual Life, and Mrs. Clark were in Chicago Thursday to take part in the family housewarming of the handsome new quarters of the Ferrel Bean general agency of John Hancock at 39

### Fete Pru's Milwaukee Agency

Sixty members and guests of the Prudential ordinary agency in Milwaukee were guests at a dinner given in recognition of outstanding sales accomplishments. A President's Citation was awarded to John J. Frey, manager, by Orville E. Beal, vice-president in charge of the North Central operations with headquarters in Minneapolis. William V. Winslow, Jr., area superintendent of agencies, also participated. South La Salle street. On this occasion

the visitors consisted exclusively of John Hancock people throughout Chicago with their wives and children. The quarters have not been entirely finished off and Mr. Bean intends to have a gathering for his friends outside of the John Hancock family at a later date.

**L. L. Phelps**, North American Life, convention program chairman, was asked at the opening session of H. & A. Underwriters Conference this week at Chicago to double in brass and serve also as sergeant at arms. He took over for **Louis Adelman** of National Travelers of Des Moines, who could not attend the meeting due to the illness of his sister.

**Laurence F. Lee**, president of Peninsular Life and Occidental Life of North Carolina, has been nominated by President Eisenhower to the public advisory board of mutual security agency.

## DEATHS

**HARRY C. ROYER**, 74 who was president of Great Northern Life until it was merged with Washington National in 1949, died in an Oak Park, Ill., hospital.



Harry G. Royer

In 1914 Mr. Royer teamed up with C. O. Pauley to take over the charter of Central Business Men's Assn. of Chicago. At that time, both men were agents for the old American Bankers Life of Chicago. Mr. Royer became president, and Mr. Pauley, who is just now retiring as managing director of Health & Accident Underwriters Conference, was secretary. In 1922 they bought Great Northern Life of Wausau, Wis., and the following year merged their companies, with Great Northern Life surviving. When this company was sold to Washington National Mr. Royer retired. He had been living at Oak Park, and spending his winters in Florida.

Only a few weeks ago, while driving back from Florida, Mr. and Mrs. Royer were in an automobile accident at Charlotte, N. C. Mrs. Royer was seriously hurt, but Mr. Royer came out all right. However, after returning home

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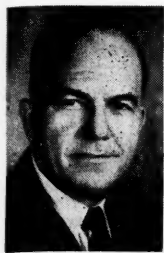
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he complained of not feeling well, and was rushed to the hospital. His health had not been good for some time.

Mr. Royer's first insurance experience was with Old States Accident of Chicago. A stepson, Richard J. Rauscher, is executive assistant of American Service Bureau.



Horace T. Polk

**HORACE T. POLK**, 59, treasurer of National L. & A., died at the Foundation hospital in New Orleans where he was taken after becoming seriously ill at his summer home in Destin, Fla. Mr. Polk also was a director of the company. He was president of Life Office Management Assn. in 1950-51.

**SAM D. GOZA**, 86, for many years general agent for Northwestern Mutual Life in Montana and Wyoming, died in St. Peters hospital at Helena. Mr. Goza had been active in political affairs and at the time of his death was a member of the Montana board of equalization. He was active on a national scale in Republican party activities.

**GLENN R. DOUGHERTY**, 61, Milwaukee insurance attorney who was first vice-chairman of insurance section of American Bar Assn., died suddenly of a heart attack at Richmond where he was attending a regional meeting of attorneys. He had long been active in International Assn. of Insurance Counsel and was one of the organizers of Assn. of Insurance Attorneys.

**B. F. HAWKINS**, 58, superintendent of Life & Casualty, died at his home at Jackson, Miss.

### Neb. Move Is Considered

A bill is to be introduced in the Nebraska legislature sponsored by a special investigating committee, to turn the regulatory functions of the state real estate commission over to the insurance department. The insurance director would get \$2,500 a year additional for this work and would make his total salary \$9,000, second highest only to the governor.

### MEDIA INCREASING

## Paul Clark Details Investment Trends at Buffalo Meeting

Changes in the pattern of life insurance investing were described by Paul F. Clark, president of John Hancock Mutual Life, at a joint meeting of Buffalo Life Underwriters Assn. and Buffalo Chamber of Commerce.

Under present day circumstances, where taxation has eliminated many sources of individual capital, Mr. Clark said life insurance investment has become increasingly essential to industrial development. Only a comparatively short time ago, he commented, life insurance investing, practically speaking, was limited to five media—government, municipal and railroad bonds, city mortgages and farm mortgages.

Mr. Clark added that "by reason of high personal income taxes, municipal bonds have largely gotten out of our reach. We still make loans on homes and farms but the entrance of the government into the mortgage field has greatly reduced possibilities there. In being forced to seek other channels, the industry has broadened its investment practice to include public utility bonds, industrial bonds, housing projects, own-and-lease back arrangements of real estate, preferred and common stocks.

Referring to the flexibility of the business investment practice, Mr. Clark showed that 1946 was the high point of government holdings when they totalled nearly 45% of the admitted assets of life companies. At the end of 1952, these holdings had shrunk to approximately half that proportion, while in the six-year period the companies have increased their admitted assets more than \$25 billion, the greater portion of which went for new construction of all kinds.

For the business as a whole, which has more than doubled its assets in 10 years, Mr. Clark predicted the amount of money available for new investments in 1953 will approximate \$10 billion if the proceeds of redemptions, sinking funds, amortization payments and sales of securities are included.



Committee members of the North Central Round Table of Life Advertisers Assn., shown at that group's Chicago meeting: From left, Richard S. Haggman, Kansas City Life; Albert N. Beardshear, Ohio National; William C. Ellis, American Mutual Life; Lillian Gilster, Franklin Life; Robert E. Templin, Northwestern Mutual, the meeting chairman; Robert L. Fontaine, Continental Assurance; Raymond D. Hamill, Bankers Life of Iowa, and Myron Jones, Union Central.

## World Case is Assigned S. F. Hearing Officer

LOS ANGELES—Deputy Commissioner Wickstrom of the California department has conducted a hearing lasting the greater part of three weeks in San Francisco on the case of World Insurance Co., charged by the department with using misleading advertising. The case has been submitted to a hearing officer assigned to the trial under the administrative code. He has the case under submission but has not yet given his decision.

## Iowans Elect Carnahan

Thomas D. Carnahan, general agent for Minnesota Mutual Life at Des Moines, was elected chairman of Iowa Quarter Million Club at the annual convention at Des Moines.

Harold V. Taylor, Mutual Life, Atlantic, was named 1st vice-chairman; Roswell Pickford, Northwestern Mutual Life, Cedar Rapids, 2nd vice-chairman; Gerald E. Malone, New York Life, Ames, secretary, and Virgil Foulers, Lutheran Mutual, Waverly, qualification chairman and treasurer.

• W. J. Brennan, Brooklyn general agent of Provident Mutual Life, has received the company's group leadership award for 1952 production. His agency is only three years old.

## Hale Heads L.I.A.M.A. Large Companies Group

Stanton G. Hale, vice-president for sales of Mutual of New York, was elected chairman of L.I.A.M.A.'s large companies committee at its conference at Hot Springs, Va. He succeeds T. H. Gooch, vice-president in charge of agencies of Canada Life.

New members of the committee are James H. Cowles, vice-president and manager of agencies, Provident Mutual Life; A. B. Dalager, agency vice-president of Equitable Society, and Fred S. Sibley, vice-president, agency department, Pacific Mutual.

## Luncheon for Dr. Gregg

Dr. Davis W. Gregg, dean of the American College of Life Underwriters, was honored at a luncheon sponsored by Dallas life insurance officials.

## Meet on Valuations

The N.A.I.C. committee on valuation of securities is meeting May 11 to prepare its resolution governing the valuation of securities to be applicable to the 1953 and 1954 annual statements. There will be a designation of new valuation standards to become effective Jan. 1, 1954, for use in the Dec. 31, 1954, and subsequent statements.

# CENTRAL STANDARD LIFE

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**ALFRED MACARTHUR**  
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**E. H. HENNING**  
*President*

## FRATERNALS

### Fraternal Actuaries Ready Strong Card

Actuaries of four insurance organizations will address the June 3 meeting of Fraternal Actuarial Assn. at Cincinnati. Speakers and their topics will be: William M. Huggins, Huggins & Co., "How Old is a Man's Wife?" David F. Hobart, Ministers Life & Casualty Union, "Health and Accident Insurance"; Walter L. Rugland, Aid Association for Lutherans, "The New Annual Statement"; and Harley N. Bruce, Harley N. Bruce & Associates, "Attained Age Valuation Method for Extended and Paid-up Insurance."

Officers of the association are Robert E. Morris, president; George A.

Huggins, vice-president; Mary M. Cusic, secretary; Harmon R. Taylor, treasurer, and Ingolf Lee, past-president.

### Maccabees Jubilee Report Serves as "Silent Salesman"

The 1952 annual report of the Maccabees also marks the fraternal's 75th anniversary, and to match the occasion a handsome Diamond Jubilee report has been published which tells vividly the Maccabees story in progress and personalities, as well as dollars and cents.

Various functions of the society, in copy and attractive illustrations, lend themselves handily to a brief presentation as a "silent salesman".

New business for 1952 totaled \$39,725,234, while insurance in force reached \$333,899,724. Assets totaled \$94,815,022.

The report was developed by the society's public relations department under D. A. Talucci, director.

### Fraternal Blood Donor Campaign Given Impetus

Some 31 fraternal societies having a total membership of more than 3,058,000 have agreed to participate in the national blood donor campaign which is to be a feature of Fraternal Week, according to Frank Mallett, vice-president of Protected Home Circle, committee chairman.

The societies will report totals of blood donors when the National Fraternal Congress report is made before Flag Day, June 14.

### Mrs. O'Connor New President

More than 100 delegates attended the annual meeting at Newark of the state organization of Supreme Forest Woodmen Circle. Mrs. Elizabeth O'Connor was elected state president succeeding Dorothy Forster.

Other state officers are Edna Weidemann, 1st vice-president; Elizabeth Hubert, 2nd vice-president; Margaret Harris, secretary, and Doris Fischer, treasurer.

### F. W. Smith in New Post

Francis W. Smith has been appointed general agent of Ancient Order of United Workmen of Kansas at the home office in Newton. He will be in charge of established agencies and will supervise the placing of new agents in Kansas. He was formerly district manager of Fidelity Mutual Life Assn. at Wichita and district manager of Security Benefit Life at Topeka.

### Ortmann Chicago Speaker

Fraternal Underwriters Assn. of Chicago at a luncheon meeting heard a talk by Francis Ortmann, Rock Island manager of Modern Woodmen and vice-president of Fraternal Insurance Counselors Assn. He was introduced by his father, Charles Ortmann, for many years state manager of Modern Woodmen.

### Johnson Heads WOW Camp

Dwain Johnson of Oakland, Neb. was elected head counsel of Nebraska, North and South Dakota head camp of Woodman of the World of Omaha.

David Sursa, president of Industrial Trust & Savings Bank of Muncie, Ind., has been elected a director of Old Republic Credit Life of Chicago. He is the son of C. V. Sursa, who for many years was a director of Old Republic.

• Union Labor Life has been licensed in Delaware. The company now operates in 17 states and the District of Columbia.

## ASSOCIATIONS

### Gravengaard to Address 3 Northwest Associations

H. P. Gravengaard, vice-president of the National Underwriter Co. and editor of the *Diamond Life Bulletins*, will address the 45th anniversary meeting of the Seattle Life Underwriters Assn. May 18, the Portland, Ore., association May 20 and the annual convention of the Idaho association at Sun Valley May 22-23. He will speak on business life insurance subjects covered in the recently revised edition of his popular business insurance books.

### Reviews Indiana Legislation

A review of legislative developments in the session of the Indiana general assembly was given at a meeting of the Indiana Assn. of Life Underwriters in New Albany.

Subjects were legislative trends toward city license fees for agents; possible municipal income taxes in Indiana; the question of a compulsory license examination.

Salina, Kan.—The association held its annual election May 2 and members were urged to attend the annual meeting of the Kansas convention and sales congress at Hutchinson May 8-9. The Salina association will make a bid as convention host for the 1954 meeting.

Herkimer, N. Y.—Samuel Amenta of the field training division of Metropolitan, spoke on "Business Insurance and Taxation".

Topeka—State Association Secretary Martin G. Miller, Mutual of New York, reported an association membership of 814. The group is striving for a goal of 903. Six local associations which have exceeded their membership quotas are Central Kansas, Lawrence, Northwest Kansas, Southwest Kansas, Allen-Neosho and Wichita.

Fort Wayne, Ind.—Melvin Brown, former manager at Fort Wayne for New York Life, spoke on "The Two P's in Progress."

Fredericksburg, Va.—T. E. Lowe, district manager for Peoples Life of Washington, D. C., was elected president of the new association. Other officers are Clay Williamson, district manager Union Life of Virginia, vice-president; R. L. Trent, manager Life of Virginia, secretary, and Paul Gilroy, treasurer.

Salt Lake City—Speaker was David B. Fluegelman, Northwestern Mutual Life, president of N.A.L.U.

Sandusky, O.—Gilbert J. Wellman, general agent of Commonwealth Life at Lima, O., talked on "Pay-off Is in the Close" at a meeting of the North Central Ohio association.

Nashua, N. H.—Aaron A. Goldstein, manager for the South Boston district of Metropolitan Life, spoke on "Business Insurance." An open forum and discussion followed.

New York City—The Bronx branch heard a talk on "Touching All the Bases" by Irwin J. Gurian, John Hancock. Preceding Mr. Gurian's address was a showing of the film, "For Some Must Watch."

St. Joseph, Mo.—John L. Krehbiel, manager Mutual Life, Omaha, discussed "Building a Clientele".

Washington—The May 14 luncheon meeting of the District of Columbia association will hear a panel discussion on "How to Sell a Million". Participants will be Samuel J. Sugar, Penn Mutual Life; Louis J. Grayson, Travelers; Russell R. Daniels, Kansas City Life, and Leopold V. Freudberg, Massachusetts Mutual.

The following officers have been nominated: For president, Mr. Grayson; 1st vice-president, C. Carney Smith, Mutual Benefit Life; 2nd vice-president, J. Hicks Baldwin, New England Mutual Life.

Altoona, Pa.—Approximately 250 agents attended the Pennsylvania association's sales caravan which opened a four-day swing here. Speakers were Charles E. Childs, general agent of Minnesota Mutual at Denver; James G. Shuttleworth, 2nd vice-president of Prudential, and Hal L. Nutt, director of the Purdue course.

Pittsburgh—The Washington branch will hear George M. Gump, district manager at South Hills for Prudential discuss "P-R-I-D-E"; subject to be discussed by Edward Wroblewski, assistant manager here for Knights Life, before the New Castle branch, will be "When to Stop Talking"; the Fayette county branch

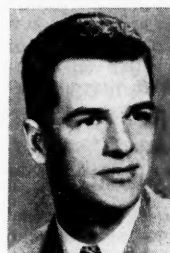
will hear Paul A. Bishop, agent here for Knights Life, talk on "Growth with Enthusiasm"; "The Drums and the Trumpets" is the topic chosen by Walter D. Van, agent at New Castle for Prudential, for presentation before the Beaver Valley branch; "Why It's Wise to Plan Your Work" will be considered by William J. Shea, district manager here for Prudential, in his talk before the Butler branch.

### New England Management Meeting Draws Full House

More than 200 general agents and managers were on hand for the two-day New England Management Conference at Swampscott, Mass.

Featured speakers were Solomon S. Huebner, president of American College; W. Walter Williams, under-secretary of the department of commerce; Frank B. Maher, vice-president of John Hancock Mutual Life; Homer C. Chaney, vice-president and director of agencies of New England Mutual Life, and Vincent B. Coffin, senior vice-president of Connecticut Mutual Life.

### Guerin Made Penn Mutual Cincinnati General Agent



Duane D. Guerin

Duane D. Guerin has been appointed Penn Mutual Life's general agent at Cincinnati, succeeding H. Roger Bengtson. On discharge from the navy air force in 1946, Mr. Guerin joined the company's Zimmer agency at Columbus, O.

### Minnesota Assn. Speakers

Speakers at the annual sales congress of Minnesota of Life Underwriters at St. Paul included A. Gordon Nairn, Prudential of Canada; Walter Hiller, Chicago, past president, Million Dollar Round Table; Nell F. Burns, Birmingham, Ala., of the Women's Quarter Million Dollar Round Table; B. N. Woodson, New York City, managing director, National Assn. of Life Underwriters, and Cyril Sheehan, Minnesota commissioner.

### To Hear Aptitude-Test Talk

NEW YORK—Jack Klein, president of the Klein Institute for Aptitude Testing, New York City, will be the speaker at the May 14 meeting of the New York City Life Underwriters Assn. at the Hotel Belmont Plaza. He will speak on "Psychological Qualities That Make Money for Life Underwriters," pointing out the psychological characteristics that distinguish life agents from salesmen in other fields.

### Prudential Gets Permit

Prudential has obtained a city permit for installation of concrete pilings for the foundation of its southeastern regional home office at Jacksonville. Cost of the pilings will be approximately \$240,250. Formal ground-breaking is scheduled tentatively for May 16.

### New Prudence Agency in La.

Prudence Life has opened an agency in the Johnson building at Shreveport, La. Harry Stein has been appointed manager. He formerly was Louisiana supervisor for Pennsylvania Life.

• The Solomon Huber agency of Mutual Benefit Life in New York City paid for \$1,010,200 in April, exclusive of term riders and annuities. Much of it was from annual reviews on policyholders.

## WANT ADS

### OUTSTANDING OPPORTUNITY!

SALES MANAGER—Promotional type to train, develop and direct large specialized Sales Force in several Western States.

Terrific Combination "Package" sale of life insurance and stock in small loan corporation.

Program offers tremendous returns to investors.

Top bracket income to the man selected.

This is an Old Line—Legal Reserve Life Insurance Company.

Confidential—Box S-32, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED AGENCY DIRECTOR

To organize and direct agency operations for Old Line—Legal Reserve Life Insurance Company specializing exclusively in selling Military Personnel the best group of Policies on the market.

Must be experienced in this particular field and be capable of obtaining a large volume of sales.

Company is capable of accepting an unlimited amount of volume.

Excellent opportunity both from a monetary and future security viewpoint for the right man.

Replies treated confidential  
Box S-33,

The National Underwriter,  
175 W. Jackson Blvd.,  
Chicago 4, Ill.

### Ohio - Indiana

An opportunity exists for an aggressive man who is qualified to do agency supervisory work in the states of Ohio and Indiana for a medium size mutual legal reserve life company located in the mid-west. If you have a record of success in recruiting training and selling and would like an opportunity for advancement, write indicating age, marital status, business and educational background and salary desired. All replies confidential. Address P-98, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.



## Late News Bulletins . . .

### F. H. Ecker Marks 70 Years With Metropolitan

Honorary Chairman F. H. Ecker of Metropolitan Life celebrated his 70th anniversary with the company this week. He was for many years president and chairman before being named honorary chairman.

### Fauser New Bankers Mutual, Ill., President

Louis Fauser has been advanced from vice-president to president of Bankers Mutual Life of Freeport, Ill., to succeed the late George C. French. Marvin F. Burt was elected chairman, a new position. He also will continue to serve as secretary.

Herbert Jensen, formerly assistant agency supervisor of Federal Life, was named agency vice-president, and Russell H. Matthias of the Chicago insurance law firm of Meyers & Matthias, a vice-president. Gaylord B. Emrick, treasurer, was named a director.

Mr. Fauser joined the company in 1947 as associate actuary. He started in the business in 1932 with Peoria Life, later serving with Alliance Life and United of Chicago. Mr. Burt has been with the company for several years and at one time was chairman of the insurance committee of the Illinois house. Mr. Jensen was with Federal Life for about 25 years.

### T. L. Mitchell Heads Birmingham Managers

New officers of Birmingham General Agents & Managers Assn. are: President, T. L. Mitchell, Mutual Life; vice-president, Ira Bradshaw, Interstate L. & A.; secretary, Howard H. Conley, New York Life. Howard Brent, Prudential, is outgoing president.

### April Best Month Ever for Guardian Life

Guardian Life's new business campaign in April made that month the most successful in volume ever. The campaign quota was exceeded by 25%, with the Pomeroy agency at Miami Beach topping its life quota by 548%. A. & H. honors went to the Glasgow agency at Memphis, with 472% of quota.

### Naff Heads Washington Nat'l Chicago Agency

Edwin T. Naff has been appointed Chicago general agent for Washington National with headquarters at 208 South LaSalle street. He has been supervisor of the Groce agency of Bankers Life of Iowa since 1950. Before that he was with Northwestern Mutual Life at Chicago and in 1947 was company sales leader among first year men.

### Terms Texas Insurance Laws a 'National Disgrace'

(CONTINUED FROM PAGE 1)

plications were made to the department to form new minimum capital life companies.

The pending legislation backed by the Texas department would repeal the article which permits organization of life and A. & H. companies with capital of only \$25,000. The insurance code would be amended to require a legal stock life company, domestic or foreign, to have \$100,000 capital and a \$100,000 surplus, and that an out of state mutual legal reserve life company have net surplus of \$200,000.

Another bill would require domestic legal reserve mutual life companies to have \$100,000 surplus, where presently such companies can be organized with about \$1,000 in cash.

Another would give the department the right to approve or disapprove life policies and annuities. Presently it does not have that right.

### More Mass. Mutual Highs

Massachusetts Mutual Life reported new ordinary sales in the first quarter of \$101,322,870, 17.9% ahead of last year and the largest amount of delivered business in a single quarter in the company's history.

New production in March set a new record for the third consecutive month, a 25.1% gain over last March. The \$32,707,043 of delivered business broke the previous March high established in 1930.

### Guardian Has Training Parley

The first 1953 training conference of Guardian Life was held this week at the home office. Under the joint su-

pervision of Director of Field Training Paul E. Van Horn, and Field Training Supervisor Earl W. Cryer, the conference was opened with a welcoming talk by Agency Vice-president Frank F. Weidenborner. John L. Cameron, vice-president, addressed a luncheon gathering.

### Opens Disability Division

Wabash Life has established a disability division and originally will write five types of A. & H. policies and two hospitalization contracts. Ralph Corbridge is manager. He formerly was with Continental Casualty and Mutual Benefit H. & A.

In addition, the company has advanced Harry G. Woodbury from comptroller to treasurer. Mr. Woodbury at one time was vice-president and treasurer of Reserve Loan Life.

### New Mutual Term Policy

Mutual Life of New York has adopted a new five-year renewable term policy. Issued from ages 15 through 55, it is renewable for five-year periods, but not beyond the policy anniversary nearest age 65.

Minimum face amount is \$10,000 for males; \$5,000 for females. Waiver of premium and double indemnity benefits will be issued, and special class risks will be considered.

### Manhattan Ups Dodson

J. B. Dodson, former superintendent of agencies of Manhattan Mutual Life, has been promoted to vice-president in charge of sales.

David Sursa, president of Industrial Trust & Savings Bank of Muncie, Ind., at 28 one of the youngest bank presidents in the country, has been elected

a director of Old Republic Credit Life. Mr. Sursa's father, C. V. Sursa, had been a director from 1935 to 1951.

### Labor Groups Protest Blue Cross Rate Increase at Cleveland

CLEVELAND—Labor groups are protesting the proposed 50% increase in Blue Cross rates here, and are demanding an investigation.

Phillip Hannah, secretary-treasurer of Ohio Federation of Labor, is asking Superintendent Robinson to hold a hearing on the matter. Any rate change must be approved by the department. John R. Mannix, manager of Cleveland Hospital Service Assn., said his group is ready to answer any questions. He remarked that the increase actually would average 33.4% because Blue Cross is eliminating 30-day and 90-day coverage and starting 70-day and 120-day coverage. He added that hospital costs have risen more than 25% since the last Blue Cross increase in 1951.

Under the Blue Cross proposed new rates, a family wanting a semi-private room would pay \$6.40 as compared to \$5 previously, for 70-day coverage. Blue Cross also would increase benefits to allow for coverage for operating room service and ambulatory cases; increase benefits in non-member hospitals for semi-private contract holders from \$6.50 to \$10 a day and from \$65 to \$100 for extras; increase benefits in non-member hospitals for ward contracts from \$5 to \$9 a day and from \$50 to \$90 for extras, and allow subscribers receiving care in hospitals which are members of other associated plans to receive the same benefits as subscriber hospitalized in member hospitals of Cleveland Hospital Service Assn.

Howard M. Metzenbaum, general counsel of Ohio Federation of Labor, has suggested that Mr. Robinson examine transactions between C.H.S.A. and member hospitals, noting that Blue Cross is asking for an increase in excess of the published figures on the rise of hospital costs.

### Insurance Again Largest Form of Liquid Savings

WASHINGTON—"Insurance again constituted the largest form of liquid saving" in 1952, "as in all years since 1946," reports the securities and exchange commission. Equity in private life insurance rose by a record \$4.9 billion.

Equity in government insurance and pension reserves, including social security funds, increased by \$4.6 billion, the largest amount since the end of the war.

The report indicates individuals' holdings of liquid assets at Dec. 31, 1952, included \$71.4 billion in private insurance and \$48.6 billion in government insurance.

Security Mutual Life of New York has appointed as supervisors with the Schiff agency, New York City, Max Caplan, Morris Strauss, Jacob S. Marks, Charles Sands, and Sigmund Chernaick. All are former supervisors with Paul Revere Life.

Herace R. Smith, superintendent of agencies for Connecticut Mutual Life, discussed "We Can All Do Better Than We Are Doing" at a gathering of Oakland (Cal.) managers.

Philip M. Childs, product sales manager of the export division of Combustion Engineering, Inc., New York City, has been elected to the board of Columbian National Life.

## PERSONALS

Chairman W. T. Grant of Business Men's Assurance and Mrs. Grant have returned from a European trip on which they sailed Feb. 27. They went on the Excalibur's Mediterranean cruise, visiting Spain, Egypt, Turkey, Syria, Lebanon, and the Holy Land, but left the ship at Barcelona on the return trip and visited Spain, France and England by air before returning to New York on a TWA sleeper plane.

Isador Samuels, general agent of New England Mutual Life, was re-elected a member of the Denver school board by a three to one margin. He is president of the school board and has been a member since 1947.

Dr. B. F. Byrd, medical director for National L. & A., has been elected president of the newly formed Tennessee Heart Assn.

Henry T. Owen, Ph. D., who occupies the chair of life insurance, University of Texas, is in serious condition in Brackenridge hospital as the result of an automobile collision near Georgetown, Tex., April 24.

## RECORDS

Production of Ohio State Life in the first quarter of 1953 was the second largest first-quarter in the history of the company. As of March 31, President Claris Adams said, insurance in force totaled \$255,659,292 and admitted assets \$66,041,710. Total capital, surplus and voluntary contingency funds reached approximately \$7,000,000. A marked increase in accident and health insurance was noted.

Sales of Northwestern Mutual Life for the first three months of the year were 7.4% ahead of the record year of 1952. New insurance sales totaled \$135,719,432 and insurance in force at March 31 was \$6,976,447,264.

President Richard B. Evans of Colonial Life reported that the volume of insurance in force now exceeds \$300 million, greatest in the company's history.

Provident Mutual's new paid business for the first three months of 1953 totaled \$34,780,000, an increase of 10.9% over the corresponding period of 1952. Insurance in force rose to \$1,523,125,000. New investments for the first three months totaled \$18,309,000, yielding a gross return of 4.23%, as against 4.09% during the first three months last year.

Mutual Life scored its greatest March production in 22 years.

A 12% increase in new business paid for during the first three months of this year as compared with the same period in 1952 was registered by Jefferson Standard Life. The total volume of \$38,987,257 constituted the company's largest for a similar period. The net gain of more than \$24 million for the quarterly period brought total insurance in force to \$1,160,897,829.

American Mutual Life had its best March ever this year, with paid production 7.6% greater than March, 1952, the previous high. Also the first quarter reached a new high for any first quarter, showing a 6.8% gain over the same period last year.

A 52.5% increase in production in the first quarter of 1953 was registered by Republic National Life representatives over last year's total. Production was the largest ever for a corresponding period. Republic National this year is marking its 25th anniversary.

### Jubilee Goal Strides

Continuing the production trend which has made each month so far this year bigger than the same month in any previous year, Kansas City Life had written business of \$16,649,493 in April, its second best month ever. Production through April is up 28% over the comparable period last year.

As part of its jubilee year campaign, the company set a goal of reaching more than \$1 billion of insurance in force by Dec. 31.

## CIO To Push for Government Health Insurance Plan

The CIO in the current issue of *Economic Outlook*, its monthly publication, makes clear that it intends to go all out for an expansion of group health insurance programs.

"We in the CIO must continue the struggle for better health on many fronts," the magazine states. "Under present political conditions, the greatest hope for progress lies through collective bargaining, but our accomplishments through that channel do not lessen the need for government action." The CIO is in favor of national health insurance, terming the defeat of former President Truman's program in this direction a victory for American Medical Assn.

The CIO evidently is in favor of most of the ideas outlined in the report of the President's Commission on Health Needs of the Nation that was headed by Dr. Paul Magnuson of Chicago and which has as one of its members Walter P. Reuther, CIO president.

## Top Agency Members Lead Honor Organization

Two members of Minnesota Mutual's leading Earl M. Moore agency of Los Angeles have been named president and vice-president in the company's honor organization, the "M" club. New president is Richard Link and vice-president is Joseph Ezzell. This is the first time two members of the same agency have held these positions simultaneously.

The Moore agency has a renewal ratio of 97.5% among the company's 112 agencies and ranks highest in group insurance in force and third in ordinary insurance in force for the year to date.

## Claim Assn. Brass to Meet

The executive committee of International Claim Assn. will meet May 14 at Greensboro, N. C. Edward J. Bohne,

Equitable Society, is chairman. Plans will be completed for the program of the annual convention, scheduled for Sept. 14-16 at Bolton Landing, N. Y.

## Ferris to Join L.I.A.M.A. Company Relations Staff

Stuart Cheney Ferris will join the company relations staff of L.I.A.M.A. on May 11 as a consultant. Mr. Ferris has been director of education and sales promotion of Monarch Life.

He joined Travelers in 1939 as field assistant at New Haven, and later became instructor in the home office school for agents. In 1948 Mr. Ferris went with Monarch Life as director of education and sales promotion. He is president of the Springfield C.L.U. chapter for this year. In L.I.A.M.A. he will be associated with Lewis W. S. Chapman, head of the company relations division. Mr. Ferris is an army veteran of the last war.

## T. L. Kane May Soon Retire

WASHINGTON—Fate of the office of insurance director of the Defense Department is left up in the air in the President's plan for reorganizing that department. The plan calls for abolishing the munitions board, under which comes the director's office.

Defense officials, however, believe that office will be continued and tied in with a proposed additional assistant secretary of defense who is expected to take over the duties of the munitions board with respect to production, supply and procurement.

It is understood that Insurance Director Thomas L. Kane contemplates retiring from office the latter part of June. Meanwhile, defense officials are understood to have asked for submission of recommendations regarding the future of the office of insurance director as to organization, function, operation, etc.

## Better Business Bureau Queries

Better Business Bureaus received 29,680 consumer and business inquiries about life insurance during 1952. Consumer and business life insurance complaints totaled 1,562. A. & H. inquiries aggregated 38,118. More than 3,300 complaints were registered.

## Agenda for Southwest Management Rally Set

Three speakers and two panel discussions make up the program for the Southwest Area Management Conference to be held May 20 at Pasadena, Cal. W. Thomas Craig, general agent of Aetna Life at Los Angeles, is chairman.

James B. Dunning, assistant vice-president of New York Life in charge of training, will talk on "Training for Today's Competitive Market"; Rev. Robert B. Richards, Long Beach, Cal., Olympic pole vaulting champion, will speak on "The Heart of a Champion", and O. Sam Cummings, general agent of Kansas City Life at Dallas, has as his topic "The Six Musts of Management".

A panel on recruiting and training new organizations will have W. W. Stewart, Pacific Mutual Life, Los Angeles, as moderator. Members will be Jack White, Prudential; Bruce Bare, New England Mutual Life, and Russell L. Hoghe, Equitable Life of Iowa, all of Los Angeles.

"Supervision and Motivation" is the second panel topic with John W. Yates, Massachusetts Mutual, Los Angeles, as moderator. Members, again all from Los Angeles, are Walter G. Gastil, Connecticut General; John R. Mage, Northwestern Mutual, and Thomas G. Murrell, Mutual Benefit Life.

Los Angeles Life Managers Assn., of which Lloyd Lafot, New York Life, is president, will be host for the conference.

## Mortgage Loan Appointees

Massachusetts Mutual Life has appointed Edward P. Bennett, Jr., assistant superintendent of mortgage loans at the home office and has named Martin H. Morgan and Charles P. Landt, mortgage loan managers at Dallas and Washington, respectively, and Allan P. Born and William S. Olson, assistant managers at Chicago and Minneapolis, respectively.

Mr. Bennett, with Massachusetts Mutual since 1946, has been mortgage loan manager at Dallas. Mr. Morgan joined the company in 1952 and became assistant manager at Dallas two months later. Mr. Landt has been vice-president of Commerce Mortgage Co. of Phoenix, Ariz.

Mr. Born joined the company in 1938, was made acting assistant manager at Minneapolis in 1945 and assistant manager in 1948. Mr. Olson was cashier at Minneapolis for 16 years before going to Chicago in 1949 as assistant manager and cashier.

## WEBB WITH LIFE OF VIRGINIA

Malcolm H. Webb, Jr., of El Paso was incorrectly shown as being connected with Life of Vermont in the second listing of Million Dollar Round Table qualifiers, published in the March 20 issue. He is actually with Life of Virginia.

## Austin Managers Nominate

Harry Griffiths, American National, has been nominated for president of the Austin, Tex., Life Managers Club at the group's monthly meeting. Others named were Raymond Bromley, Southland Life, vice-president; Earl Reinke, Metropolitan, secretary-treasurer; and W. L. Muncaster, Prudential; E. T. Sutherland, Great National Life, and Max Zelen, John Hancock, directors.

Mr. Griffiths, who offered ideas for successful recruiting, said it is a continuous process which calls for 20% of new personnel each year, and that this calls for a definite plan for selection and training.

## Equitable Mortgage Office Moved

Equitable Society's New York City mortgage department field office has

been moved to 21 East 40th street. The office, which is under the supervision of John M. Gillen, is responsible for mortgage investments in Manhattan, the Bronx, Westchester, and Hudson river valley area.

## Spatuzza New Insurance Company Undertaker in Ill.

George J. Spatuzza, who has been in the practice of law at 10 North Clark street, Chicago, has been appointed special deputy in the Illinois insurance department in charge of the bureau of liquidations. He takes the place of John M. Daley.

## American United Promotes Balest at Little Rock

Philip Balest has been appointed manager for American United Life at Little Rock, Ark.

Mr. Balest entered the business in 1950 as a district manager for the company at Little Rock. In 1951 he graduated from the Purdue course, where he was class president. He is a veteran of the last war.

## John M. Daley Hangs Shingle

John M. Daley, who was special deputy in charge of the liquidation bureau of the Illinois insurance department while J. Edward Day was insurance director, has become associated with John M. Long in the practice of law in the Chicago Title & Trust Co. building, Chicago.

Mr. Daley held the liquidation department office 18 months. Prior to that he was an assistant states attorney in Cook county, going there after completing his studies at DePaul university. Mr. Long and he were trial partners in the states attorney's office and Mr. Long went into private practice last December.

## Busy on N.A.I.C. Plans

Final preparations for the convention of National Assn. of Insurance Commissioners at San Francisco June 8-12 are being made under the guidance of James F. Crafts, president of Fireman's Fund and chairman of the industry committee on arrangements. An administration committee has been appointed, which includes Deputy Commissioner C. A. Mueller and Arnold B. Brown, 3rd vice-president of Metropolitan Life.

The non-commissioner registrant will pay \$15 if a man and \$7.50 if a woman. This will give admission to the plenary sessions at the Curran Theater and a luncheon at the Palace hotel. The convention headquarters are at the St. Francis.

## Cranwill Joins Institute

Alfred Cranwill, formerly assistant to the director of field training of Mutual Benefit Life, has joined Institute of Life Insurance. He will handle policyholder and general inquiries from the public as assistant to Arthur C. Daniels, executive assistant.

Mr. Cranwill spent several years in teaching before entering life insurance at Flint, Mich., in 1943. He has been with the home office of Mutual Benefit since 1945.

## Buffaloe with N. Y. Life

Larry Buffaloe of Little Rock, one of the new vice-presidents of the Arkansas Assn. of Life Underwriters, was incorrectly shown as being connected with Mutual Benefit Life in an item in the April 17 issue. He is assistant manager of New York Life.

• Sons of Italy in America, Chicago fraternal, has applied for a California license.

Time Life of San Antonio has been licensed in Louisiana.



H. Bruce Veotzy  
Life Member



Nate Kaufman  
Life and Qualifying Member



Maurice A. Kennedy  
Qualifying Member



Julian W. Schwab  
Life and Qualifying Member



A. R. Meyer  
Qualifying Member

**OUR  
MILLION DOLLAR  
ROUND TABLE**

It's a milestone to be proud of—for a company the size of Indianapolis Life to have five members of the famous Million Dollar Round Table of Life Underwriters. Everyone at Indianapolis Life extends congratulations to them on an honor well earned.

# INDIANAPOLIS LIFE

**INSURANCE COMPANY**  
Mutual—Established 1905  
**INDIANAPOLIS 7, INDIANA**

AGENCY OPPORTUNITIES IN Illinois, Indiana, Iowa, Ohio, Michigan, Minnesota, Texas



## Arnold Berg Named Agency Vice-President of Indianapolis Life

Arnold Berg has been appointed to the new post of agency vice-president of Indianapolis Life. Mr. Berg, who most recently was superintendent of agencies for Guarantee Mutual Life, spent his first 20 years in the business with Equitable Life of Iowa, first at Bloomington, Ind., as a personal producer and district manager, and later at the home office as field supervisor and assistant superintendent of agencies.

Mr. Berg is a graduate of the L.I.A.-M.A. school in agency management and the C.L.U. Institute at University of Connecticut, and is a World War II veteran.



Arnold Berg

ployes. The booklet emphasizes that although Prudential covers two nations in its operations "nevertheless ours is essentially a home town operation."

There is a page headed "We're Moving Headquarters Closer to You" that tells about Prudential's regional home office program. The booklet goes to leading business and professional men, including educators, newspaper editors, chambers of commerce officials and other opinion-molders.

## Life & Casualty Names Gay, Safley, Shapard, Williams

Life & Casualty has appointed C. S. Gay agency secretary; Joseph L. Safley auditor of the weekly premium department; William L. Shapard manager of the supply department, and G. Robert Williams, Jr., assistant auditor of weekly premiums.

Mr. Gay has been with the company since 1932. He was formerly district manager and superintendent. Mr. Safley went with the company in 1932, Mr. Williams in 1949.

## Score Quarterly Sales Mark

Occidental Life of California scored a first quarter production record as paid business jumped 13% to \$143,277,579. The new sales mark pushed company insurance in force figures to \$4,155,430,387, a gain of \$197,272,579 over the first quarter of last year. New group business reached \$64,490,490, a 64% increase for the same period.

## Has New Home Protector

Bankers Security Life has brought out a home protector policy designed for individuals who need life insurance that decreases gradually over a period of years.

Each unit of the policy provides \$5,000 of insurance during the first year. The amount per unit is decreased by \$150 at the beginning of each year from the second through the 11th year, inclusive, and by \$200 at the beginning of each year from the 12th through the 21st year, after which the amount per unit is \$1,500. It may be sold for any initial amount which is a multiple of \$100, but not less than \$5,000.

• An engraved plaque commemorating the 10th anniversary of the DeVries Los Angeles agency was presented recently to General Agent Carl L. DeVries at a banquet in his honor by President Horace W. Brower and Vice-president William B. Stannard of Occidental Life of California.

## Cook Assistant Medical Director, Southwestern Life

Dr. Chester Cook has been appointed assistant medical director of Southwestern Life. Dr. Cook recently completed two years of army service.

## Has Eastern Group Changes

William J. Persch has been made district group manager for Massachusetts Mutual Life at Newark, and Alan H. Clark and Joseph M. O'Dowd have been named district group representatives at New York City and Springfield, Mass., respectively.

Mr. Persch entered insurance in 1936 and was appointed a district group representative for Massachusetts Mutual in 1952, in charge of the northern New Jersey area.

Mr. Clark, an air force veteran, started in insurance in 1948 and joined the Massachusetts Mutual Cleveland group office in 1950.

Mr. O'Dowd returns to the company after two years navy service. From 1949 to 1951 he was a group supervisor at Boston.

## Pru Plays Up "Home Town"

The "home town" theme is the basis of Prudential's just-issued booklet on its 1952 operations. There are informal pictures of agents and em-

## Great-West Raises Aitken and Hunter

George Aitken has been appointed assistant general manager and comptroller and R.O.A. Hunter has been named secretary of Great-West Life.

Mr. Aitken, secretary since 1947, joined Great-West in 1934 as chief ac-



George Aitken



R. O. A. Hunter

in 1947 and assistant secretary and legal officer in 1953.

## Sterns Heads New General American Oakland Agency

General American Life has appointed George F. Sterns general agent of a new agency at 536 Grand Avenue, Oakland, Cal.

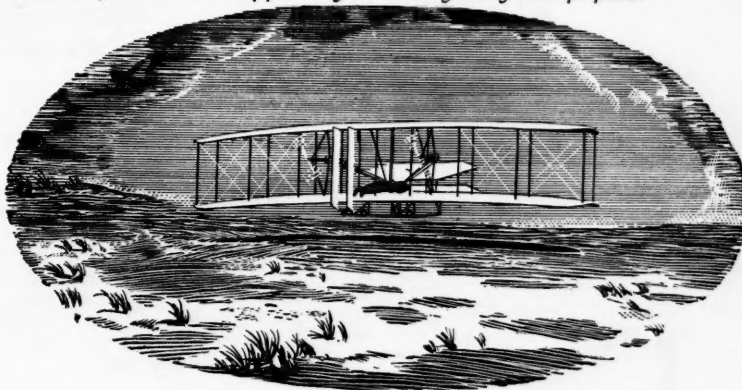
Mr. Sterns formerly was with Guarantee Mutual Life as assistant superintendent of agencies. Before that he was general agent for Berkshire Life and Kansas City Life. A naval veteran, he is a past vice-president of Iowa Assn. of Life Underwriters.



George F. Sterns

• Clayton Mammel, Farmers & Bankers Life, Wichita, has been named president of the Wichita estate planning council.

Second of a series now appearing in leading daily newspapers:



## The Pilot Is Fifty!

Two brothers named Orville and Wilbur Wright successfully flew their mechanical airplane at Kill Devil Hill, North Carolina, on December 17, 1903. That year Pilot Life was born.

From one policyholder in 1903 The Pilot has become the protector of 1,750,000 men, women and children in 1953. A single life insurance policy started the growth of a company that is now one of the South's largest multiple-line companies.

The Pilot has made insurance history with its broad coverage, ranging from blanket scholastic accident protection for hundreds of thousands of youngsters to truly exceptional life, group and hospitalization plans.

While setting new marks, The Pilot has never forgotten that millions of individuals depend on this organization for security. Proper service and attention to those individuals have made Pilot Life's past record possible and its future growth a certainty.



Pilot Life Insurance Company

PILOT TO PROTECTION FOR OVER FIFTY YEARS • O. F. STAFFORD, President • GREENSBORO, N. C.

## Altschul Honored as Postal's Top Agency Builder



Milton Altschul, right, general agent of Postal Life in New York City, receives from President George Kolodny the vice-president's trophy for doing the company's most outstanding job of agency building in 1952, during which he paid for \$4 million though it was only his second year of operation. The agency beat its quota by 140% despite the quota being 250% above

the 1951 quota. At left is Associate General Agent Alex Schwartz, holding the quota plaque awarded the agency. The agency has just set a company record of 16 "plus" months in production volume.



*After only 14 years . . .*

# Fourth in the Nation

*. . . in the sale of individual and family group hospitalization and medical-care policies . . .*

The fourteen-year growth of Reserve Life Insurance Company is considered outstanding in the insurance field. This record of growth provides daily evidence of the good service rendered to Reserve Life policyholders.

Reserve Life always strives to give the insurance buyer maximum protection and service. In return for every premium dollar Reserve Life delivers the largest possible value consistent with sound management and financial integrity.

*first in growth . . . first in service . . . millions rely on Reserve*

## RESERVE LIFE INSURANCE COMPANY

An old line, legal reserve stock company

Home Office: Dallas, Texas

Regional Office: Cincinnati, Ohio





# Pauley Bows Out as Conference Chief

## Die is Cast as to A.&H. Commission Plan, Panel Agrees

### Non-Level Basis the Established Trend, Conference Is Told

Strong opinion in favor of non-level commissions for A. & H. insurance was expressed by the three-man panel on this subject at the Tuesday afternoon session of H. & A. Underwriters Conference.

Lyman C. Baldwin, Security Life & Accident, acted as moderator, and Travis T. Wallace, Great American Reserve, and Frank L. Barnes, Ohio State Life, held forth. Mr. Baldwin remarked that



L. C. Baldwin



T. T. Wallace



F. L. Barnes

none of the panelists considered it a pleasure or a privilege to discuss this topic. They approached the matter as a facing of facts, not a debate.

The business has tougher problems than commissions, he added. A. & H. has to be sold to the public. Preexisting conditions are a headache; the majority of persons cancelled by the companies don't understand why and have only a vague idea of the business. These are the people, he observed, "who will bet money their friends with an A. & H. policy won't be paid when they have a claim." He suggested covering preexisting conditions, but letting the public in on the problem. For instance, during the first year, the companies would pay only 25% of a claim involving preexisting conditions.

Mr. Baldwin advised against too much criticism of those companies whose sales methods and advertising have been on the pan, saying they are selling A. & H., and their agents generally make more money than those of other companies.

Mr. Wallace declared the subject of commissions has already been decided, and the point is won in favor of non-level payments. The level commission plan began with the casualty companies years ago, when A. & H. was just another line for a general insurance agent. The life companies have altered this and the trend for several years has been for non-level, and it has "now become an avalanche."

The main points in favor of level

(CONTINUED ON PAGE 29)

## A. & H. Leaders, 400 Strong, Pay Tribute to Pauley, Retiring Conference Leader

The luncheon honoring C. O. Pauley was the high spot of the Chicago convention of H. & A. Underwriters Conference. The Gold Coast Room of the Drake Hotel was almost overflowing with well wishers, a group comprising the bulk of the "who's who" in the A. & H. business. The occasion was the last appearance, in an official capacity, of Mr. Pauley before the conference. He is retiring June 1 as managing director.

Robert R. Neal, North American Accident, conference president, presided, and Mr. Pauley was introduced by V. J. Skutt, president of Mutual Benefit H. & A., who observed that the conference faced a real crisis in 1948 when Harold R. Gordon died. The conference had been a Harold Gordon organization. At the time, Mr. Skutt was president, and he named a committee to find a successor. For six months this group looked for a man to carry on, and in January of 1949 part of the committee met and decided to try to draft Mr. Pauley.

In his remarks, Mr. Pauley recalled some of the changes that have taken place in the business, and commented on current developments. The insurance business was comparatively an infant when he was born in 1879, he said. Continental Assurance today has more life business in force than all U. S. companies combined had then.

The A. & H. business was hardly started, he said, reading the exclusions from a policy of a small company in Duluth, which removed liability for so many kinds of illness and had so many restrictions as to draw a good laugh from the audience. However,

Mr. Pauley remarked, that company did better than some insurers are doing today—they had a 50% loss ratio the first year.

Today, the A. & H. business must keep alert to the threat of government encroachment, Mr. Pauley warned. All legislation of the social variety must be watched with a jaundiced eye. When the federal security act was put through, the life companies saw no problem, but today the government has more life insurance in force than all the companies put together. The federal unemployment act seemed innocent enough, but it has resulted in compulsory state disability plans. OASI was not alarming at first, he noted, but it has developed into a monstrosity with a large propaganda organization and with recent recommendations that it expand into 12 areas of A. & H. insurance.

"Have we gone too far down that road of social insurance?" he asked. Every socialist government has started by getting the people to lean on the state. The Curtis committee of the Congress, which is conducting a study of social security, will produce a report which will be important to the business, he declared.

Mr. Pauley offered some advice on state regulation, saying the states can preserve their rights if they don't try too much regulation and of the wrong kind. The states must be careful if they want to preserve their rights. An effort could well be made toward uniformity, but each state will have to be ready to give up a little of its sovereignty.

(CONTINUED ON PAGE 32)



Mr. and Mrs. C. O. Pauley with H. Lewis Rietz. Mr. Pauley is retiring June 1 as managing director of the conference and Mr. Rietz, who is with Lincoln National Life, at the annual meeting was elected the new conference president.

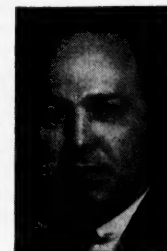
## Hanna Selected as Director; H. L. Rietz Is New President

### J. W. Scherr, Jr., Named Chairman of Executive Committee at Chicago

By JOHN C. BURRIDGE

The annual meeting at Chicago this week of the Health & Accident Underwriters Conference was essentially an encomium for C. O. Pauley, the managing director, who is retiring from that post June 1. Mr. Pauley, who at age 69 took on for an indefinite time the responsibility of guiding the conference, will be succeeded by John P. Hanna.

More than 300 persons registered for



Robert R. Neal



J. W. Scherr, Jr.

the meeting, but the luncheon Tuesday in honor of Mr. Pauley drew a crowd that taxed the facilities of the Drake Hotel.

At the business session, H. Lewis Rietz, Lincoln National Life, was elected president to succeed Robert R. Neal, North American Accident. J. W. Scherr, Jr., Inter-Ocean, was named chairman of the executive committee and heir apparent.

New titles were conferred on several members of the conference staff. Aside from Mr. Hanna, Roy A. MacDonald

### NEW OFFICERS

President, H. Lewis Rietz, Lincoln National Life.

1st vice-president, Travis T. Wallace, Great American Reserve.

2nd vice-president, Frank S. Vanderbrouk, Monarch Life.

Secretary, J. Eugene Taylor, National Life & Accident.

New members executive committee: Joseph W. Scherr, Jr., Inter-Ocean, chairman; J. E. Hellgren, Lumbermen's Mutual Casualty; Howard LeClaire, Mutual Benefit H. & A.; James W. Wiekman, Mutual Life of New York.

is advanced from assistant director for group and underwriting to director of company relations; James R. Williams, assistant director for public relations, is now director of that activity; and Robert H. Rydman, assistant general counsel, becomes associate general counsel.

The executive committee voted five new companies to membership, and formal confirmation was given to five others previously accepted.

The conference meeting was cut to 2½ days, but the program was well

(CONTINUED ON PAGE 32)

## Report on Uniform Law

The standard provisions committee, headed by Orville F. Grahame, Massachusetts Indemnity, reported that states which enacted the uniform individual A. & H. and sickness policy provisions law during the 1953 ses-

sions as of April 30 included: Idaho, Indiana, Maine, Nevada, New Mexico, North Carolina, North Dakota, South Dakota, Vermont and Wyoming.

None have important variations except New Mexico which has a July 1, 1953, final effective date.

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## NO PROFIT FROM HOSPITALIZATION

# How to Get Proper Balance Between It and Loss-of-Time Coverage Reviewed

Pointing out that there is very little prospect of making any profit on hospitalization insurance, but that there is a strong pressure on the companies to write that line, A. P. Dowlen, assistant vice-president of Great National Life, in his talk at the annual meeting of H. & A. Underwriters Conference, took up some suggestions as to ways of obtaining proper balance between loss-of-time and hospital coverage, including possible commission adjustments.

He said the problem is one with which many companies are presently concerned. It is a problem that cannot be solved in the same way by all companies because of differences in types of companies and operations. A plan that would be successful with one company might not succeed with another.

He took up some of the things that have brought about the situation in which many companies find themselves today. Their premiums on hospitalization business have so greatly exceeded the other accident and sickness premiums that the result has been an actual underwriting loss on the business as a whole. The experience of the past few years has demonstrated that, generally speaking, there is very little, if any, profit in the hospitalization business and the prospects for the future do not appear to be any more favorable. All companies realize that the industry has a certain responsibility in this connection, "but at the same time we are entitled to at least a reasonable profit for the services we render."

The general public is hospitalization-conscious as never before. This can be attributed to a number of things, such as constant publicity with respect to prepaid medical care, the growing popularity of Blue Cross and Blue Shield plans, the increased incidence and cost of hospital confinement, the inability of the hospitals to extend credit as in the past and, as a matter of fact, the industry itself has contributed very materially to this attitude on the part of the public. Hospitalization coverage has been publicized in newspapers and magazines, over the radio, by direct mail and by house to house distribution of cards and folders.

"Such publicity has apparently created in the minds of many people, including, I am sorry to say, some agents," Mr. Dowlen said, "the impression that hospitalization is a primary, rather than a supplemental coverage. Hospital expense policies do not provide money for the grocery bills, the clothing bills, the rent or the house payments.

"As previously pointed out, there appears to be very little hope that profits of any consequence will be realized from the writing of hospital expense insurance. Although the average hospital stay for many of the common ailments has decreased considerably, this has been more than offset by the increased incidence and cost of hospital confinement. We are all well aware of the fact that people are now being sent to the hospital for minor conditions which were formerly treated at home or at the doctor's office. We are also well aware of the extent to which in-

flation and the use of expensive drugs and treatments have increased hospital costs. Policies have been liberalized from time to time in an attempt to meet some of these increased costs and, in some cases, perhaps without sufficient consideration as to premium charges.

"It would not seem proper, however, to consider the matter only from the angle of profit. After all, we are engaged in a business of service and it is evident from the experience of the past few years that there has been a sincere effort on the part of the insurance industry to furnish the best protection possible at a reasonable cost. This is proven by the fact that, although many companies have sustained considerable losses during the past few years from the writing of hospitalization insurance, they have continued to offer such coverage. It is believed that most such companies are willing to continue offering hospital expense insurance if they can devise some means of bringing about a proper balance so that a reasonable profit may be realized on the accident and sickness business as a whole. There are those in the industry who feel that each line should stand on its own feet and that business should not be written on the assumption that profits on one line will more than offset losses on another. Perhaps, however, even those who share this view would be satisfied with an even break, that is, no profit and no loss on hospitalization business."

Aside from the standpoint of the companies involved, Mr. Dowlen said there is another angle just as important, if not more so. "In matters of this kind we must necessarily consider the interests of the people we are attempting to serve. Certainly we are not fulfilling our obligation to the millions of workers and self-employed so long as we stress hospitalization insurance and fail to impress upon them the importance of the more fundamental loss of time coverage. Time and the ability to earn is the most valuable asset and when there is no income over an appreciable period of time, the results may well be disastrous to the average family. It behooves us, therefore, to so train our field forces that they may be able to sell their prospective clients the primary coverage they are most in need of rather than take their orders for coverage of less value which they have heard so much about, or perhaps first sell the primary coverage and then add hospitalization as a supplemental coverage.

"The public relations departments of the companies and the industry organizations, through their cooperative efforts, could no doubt very materially change the situation by devoting a major portion of their advertising and other forms of publicity to the matter of loss of time coverage. Such action, we believe, would be a service to the insuring public.

Mr. Dowlen said it was not his purpose to attempt to determine or recommend any definite balance of premiums as to hospital and loss of time coverages, but rather to call atten-

(CONTINUED ON PAGE 30)





## Heart Appeal and Sales Appeal

This Great-West Life poster with its simple but powerful message will

appear in 76 cities and towns throughout the United States and Canada

during 1953. The heart appeal of two smiling youngsters is a reminder

of the most compelling reason of all for buying life insurance—

*love of family.*

Thus, the sales efforts of Great-West Life representatives in 1953 are supported

on busy thoroughfares and at important corners by outdoor

advertising. Millions of people will see and note the message and

challenge of "You love them . . . protect them!"

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## Early Ills of Group A. & H. Insurance Outgrown: Knoblock

Reviews Three Phases of  
Widespread Changes Made  
in Past Seven Years

The effects of the riotous days of 1946-50 in group A. & H. insurance, when everything was thrown wide-open, have finally been overcome and the business put on a solid basis, but it has been a somewhat difficult job, R. C. Knoblock, Washington National, chairman of the H. & A. Underwriters Conference group committee, said in his talk at the conference annual meeting.

Taking up the period as a whole, Mr Knoblock said that the last seven years, in the field of group insurance, "have presented a kaleidoscopic picture of major changes, while minor changes have occurred almost from month to month, week to week and, in some cases, even day to day. The average group man has during this past seven years been forced to perform mental gyrations which, when viewed by someone not in the group business, would have seemed impossible to perform. In the last seven years the average group man has developed into a combination solicitor-sales administrator-group actuary-labor relations consultant and a general Mr. Fixit. This general training and broad, varied experience has been the group man's savior."

He feels that there have been three distinct phases within this era of changes, with definite lines of demarcation. Phase I, from 1946 to the latter part of 1950, was a period of complete lack of judgment cannot be laid solely the exercise of rather poor judgment. In many cases, he said, the blame for lack of judgement cannot be laid solely at the doorstep of the group men, but, rather, the finger can also point to the home offices. Home offices were demanding volume and more volume from their group field forces. It was an era of putting business on the books and increasing group premium income without thought as to what would result in the way of claim loss experience. It was an era of writing more and more and bigger and bigger jumbo cases. And the larger the case and the larger the premium to be secured from the group, the less thought there was given to whether or not the premium being charged was adequate or inadequate.

This was an era of ruthless competition, with all companies indulging in some degree of rate cutting. Group manuals were either discarded completely or looked at with a tongue-in-cheek attitude. Nothing mattered except to put groups on the books. In this era there was apparent lack of understanding by agents and brokers concerning the extent of dividends for favorable claim experience and the percentage of premium which should constitute the underwriting company's retention on a particular group. The idea seemed to be prevalent among agents and brokers that insurers could sell, install and administer group plans for some ridiculously low percentage of premium and, in some cases where no profit could possibly be left for the company after claim losses and ex-



Group at the reception the Sunday that preceded the conference annual meeting — L. P. Matthews, National Casualty; Frank Cliff, Jr., Federal Life & Casualty, and Pete Korn, National Casualty.

penses were paid.

Mr. Knoblock recalled that one of his company's general agents came into the home office during this period with a request for a proposal on a rather large jumbo risk. "Competition, as usual, was terrific. This individual had many, many years of experience in insurance and was well aware of how the business of insurance operated. Therefore, the parting statement which he made when he left the home office is one which I will never forget, because it so completely demonstrates how even the most conservative individual—which he was—can let his imagination and judgment run wild when dealing with a big group case during this era. The parting statement was: 'Knoblock, give 'em all the retention you've got'."

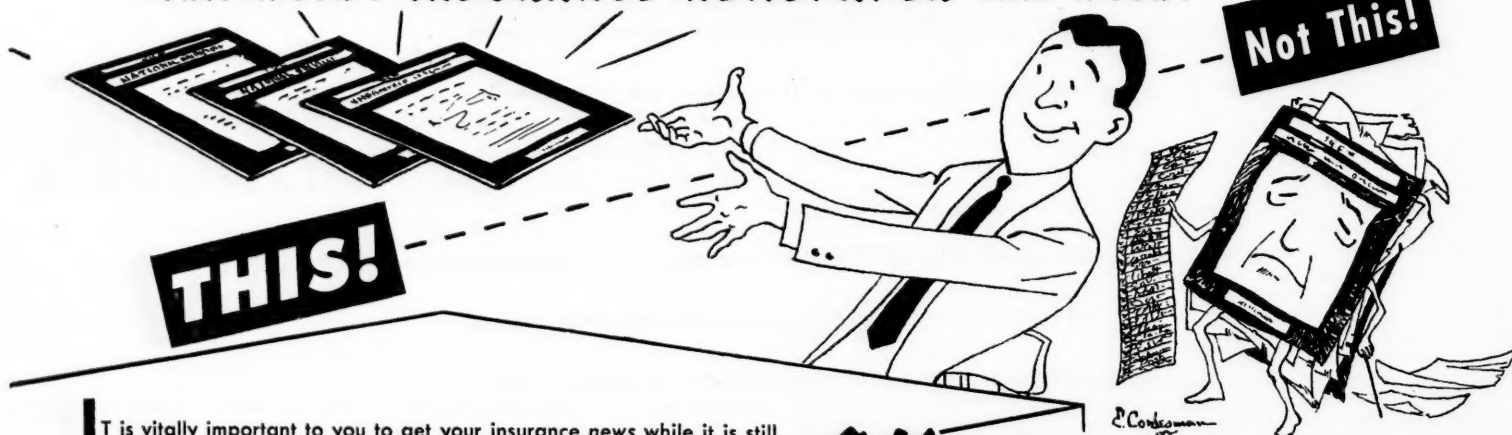
He pointed out that the insurance companies, too, were to blame for the sorry situation regarding dividends and retention. Many group companies completely failed to recognize

the fallacies, from an actuarial standpoint, in the bonus and dividend agreements which they were making with groups being written. This phase also saw companies writing so-called groups which should never, under any circumstances, have been written. He recalled two of these pseudo groups which he mentioned at the group meeting in February. One was a group plan written on an "Assn. of Former FBI Men", while the other was a group written on an "Assn. of Grocery Store Customers", made up of the general public, with a schedule of benefits based upon their average weekly grocery bill. Many other examples of equally fantastic groups could be mentioned.

During this phase labor unions, brokers and group insurance consultants were also adding to the confusion by taking advantage of the highly competitive situation to exert pressure whereby the companies found them-

(CONTINUED ON PAGE 24)

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### Many Visitors on Hand

The conference meeting attracted a number of representatives from other insurance organizations. At the opening session, Robert R. Neal, North American Accident, the president, introduced James Andrews, Jr., of Life

Insurance Assn. of America; Ralph Heller, Prudential, chairman of Health Insurance Council; Arthur Daniels of Institute of Life Insurance; W. G. Coursey, International Assn. of A. & H. Underwriters; E. H. O'Connor, Insurance Economics Society;

Ralph Kastner of American Life Convention, and members of three insurance departments—Commissioner Na-

varre of Michigan, R. K. Ritchie, attorney for the Kansas department and Frank Alexander of Florida.

## Conference Staff Reports Show Widening Range of Activities and Responsibilities

The report of the conference executive staff was delivered by John P. Hanna, associate managing director. Mr. Hanna read the entire report, which included the remarks of his associates, in order to save the time of running the staff members on and off the platform.

Remarking that the conference is interested in any and all phases of A. & H., Mr. Hanna said "no problem is outside our field of activity." He commented on the increased activities and mentioned that Roy A. MacDonald and James R. Williams each traveled more than 35,000 miles on conference business last year. Mr. MacDonald handled more speaking engagements, including assistance to International Assn. of A. & H. Underwriters with its disability insurance sales course, by lecturing at eight colleges as compared to five courses the year before. Of agents attending these courses, 75% were from conference companies.

Mr. Williams directed the major portion of his activity toward work with Health Insurance Council, and Mr. Hanna said this is a "tremendous undertaking." Although the results of the council work might be expected to be intangible, there is a surprising amount of concrete evidence of progress in the form of group hospital admissions plans, individual admissions plans, uniform claim forms, and annual surveys of coverage, and information and publication projects.

C. C. Fraizer, general counsel, and Robert H. Rydman, assistant general counsel, have been effective in legal and insurance department matters, Mr. Hanna reported. There have been created more tranquil relations with the departments. Adoption of the uniform policy provisions law has progressed satisfactorily, and very little harmful legislation has been enacted.

The conference next year will be dealing with problems of catastrophe insurance, sub-standard risks, insuring

older aged and retired persons, the threat of federal and state insurance threat of rate regulation, federal regulation, uniform state regulation, agency and claim relations, public relations and advertising problems, he said. "The question is not whether we can solve these problems; it is how soon and how well. At no foreseeable time can the disability insurance industry afford to tread water, no matter what the previous accomplishments. To stand still is to lose out completely. We are no longer just insurance companies providing protection. We have become an integral part of the American way of financing health care."

In Mr. MacDonald's part of the report, the conference group meeting came in for some remarks, and it was announced that the next meeting has been set for Feb. 2-3 at Chicago. The underwriting forum at Cincinnati attracted 187 persons, and this has been scheduled for 1953 for the Edgewater Beach hotel, Chicago, Nov. 3-4. This will be the first time this meeting will be a two day affair.

The report of Mr. Rydman commented that insurance department officials have ceased making disability insurance the "whipping boy" it once was. Other more pressing matters have captured the interest of the commissioners, and even where problems have come up, they have been local and there has been no general pattern developing.

Mr. Williams' report was concerned primarily with the activities of Health Insurance Council. The council has increased its sphere of activity and at an accelerated pace. There are now five major committees.

A project of particular importance to conference companies is the uniform identification program for individual hospital admissions which was initiated at Columbus last summer. Of the 22 companies participating, 17 are conference members, and the conference was coordinator of the program.

HERE COME THE

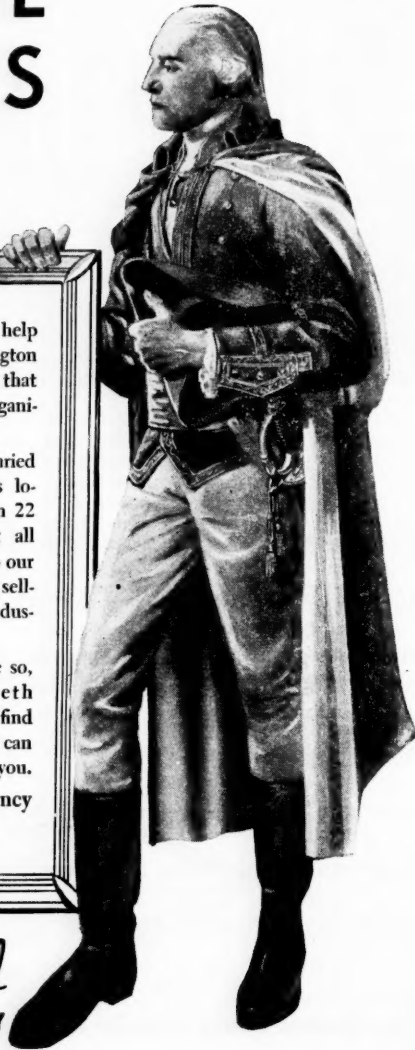
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Conference staff members with two past presidents—C. C. Fraizer, general counsel, and John Hanna, the new managing director; E. J. Faulkner, Woodmen Accident, and Frank Harrington, Massachusetts Protective.



# Medical Expense Insurance Really Fulfilling Function

## Widespread Misconception, Work of Social Planners, Main Cause of Discontent

While there are other important underlying factors in connection with the friction and discontent which have become so apparent in the field of medical expense insurance, it is primarily due to a fundamental misconception on the part of the public, the hospitals, the medical profession and the government as to the proper function of that form of insurance, Dr. W. H. Scoins, chief medical director of Lincoln National Life and chairman of the H. & A. Conference medical directors committee, told the conference at its annual meeting.

In contrast to the repeated declarations in governmental propaganda that medical care in the United States is inadequate, with implications that the medical profession and insurance have failed to do the job that they have undertaken, Dr. Scoins declared that medical expense insurance accomplishes its purpose completely if it pays only those dollars which the policyholder would find it impossible to pay at all, or at least with considerable sacrifice. He said it is not sound economics for medical expense insurance to attempt to pay any dollar of benefit which the insured would find conven-

ient or even possible to budget for directly.

The goal of the social planners has been universal coverage from the first cent to the last dollar of expense incurred, including therapy for the common cold and regular pediatric consultations for infants.

"It is not necessary to condemn these standards as erroneous or fallacious to point out the fact that the basic principles of economics and sound functions of insurance do not and should not agree to this kind of a measuring stick," Dr. Scoins commented.

Other factors that he mentioned included the impact of inflation on hospital costs, the rapid change in clinical methods with an attendant cost increase, and the increased utilization of hospital and medical facilities.

He spoke also of the increasing shortage in doctors and an increasing tendency for physicians to raise costs in an attempt to price themselves out of part of the market. It may well be that an increasing tendency toward specialization creates higher costs because of a tendency to build prestige by charging higher fees. There is no doubt that the improved economic situation of the public itself creates a tendency to higher costs because of the established tradition in the medical profession to gear medical costs to economic ability to pay. Even such an item as the high level of federal income taxes may tend to increase costs of medical care since it requires a physician desiring an increased income to pass costs on to the consuming public at a level substantially higher than the net income increase which is desired.

Much criticism has been leveled at the insurance industry for failure to provide full coverage at a "reasonable"



The outgoing president of H. & A. Underwriters Conference, Robert R. Neal, center, with Mrs. Neal and Jarvis Farley, Massachusetts Indemnity, a past-president.

premium. Counter-criticisms have come from the industry leveled at failure on the part of policy-holders, physicians, and hospitals to adopt reasonable attitudes about the compensation which is received. None of these criticisms, Dr. Scoins said, is without justification.

Particularly the individual and family group coverages have come in for much greater criticism in this respect than the group insurance and service type coverages. Paradoxically enough, these criticisms have their foundations in the fact that the individual and family type coverages have adopted the benefit patterns set by the group and service type plans. In adopting these benefit patterns, however, they have failed to recognize the external influences which have dictated the benefit patterns of these two coverages.

In the case of service type coverages, the hospitals have been and are the motivating factor in organizing and offering the coverage and have justifiably, perhaps, dictated both the type of coverage to be offered and the benefit levels to be offered in accordance with their own interests, namely that of protecting their accounts receivable. The service type of organization is also able by the use of secondary contracts with the hospitals to protect itself from serious financial reverses. It also understandably feels that its mission has been accomplished when substantial protection of the accounts receivable has been obtained.

Likewise, in the field of group coverages the purchaser dictates the type of coverage to be offered and the benefit levels to be offered in accordance with his own interests.

(CONTINUED ON PAGE 27)



## How complete can personal protection get?

The next ball may be a foul tip or a wild pitch.  
If the catcher wants to stay conscious,  
he protects *everything*.

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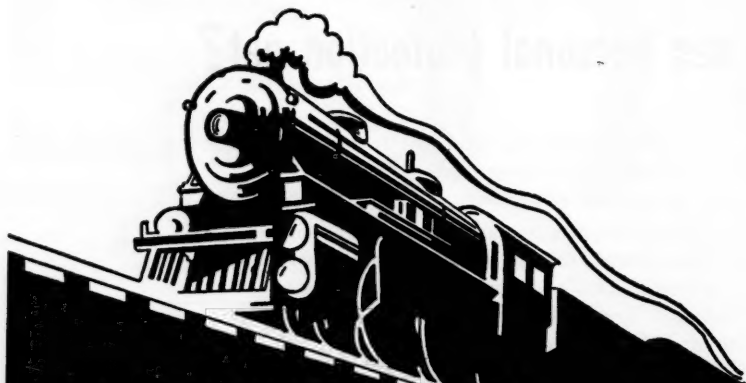
ON THE OCCASION of the 52nd Annual Meeting of the Health and Accident Underwriters Conference, we welcome an opportunity to salute C. O. PAULEY, and to pay tribute to his outstanding contributions to the business of Accident and Health Insurance over more than 40 years.

We, like many others, shall continue to seek his guidance and counsel in the years ahead.



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## Early Ills of Group Outgrown; Knoblock

(CONTINUED FROM PAGE 20)

selves squarely in the middle in negotiations between the unions and employers, and jockeyed into untenable positions. Group department officials were writing more and more groups. They were building up impressive records of group premium income and, on the surface, were really doing big things for their companies.

"Unfortunately, our supply of the heady wine we were drinking began to run out," Mr. Knoblock said, "and we suddenly found ourselves in Phase II of our era of change, which began the latter part of 1950 and continued until early 1952. Not only was our supply of this pleasant narcotic cut off, but many group departments found themselves with a terrific hangover."

He likened this second phase to an effort to get straightened out from the hangover and start on the cure. It was found that the worst part of the hangover was the frightening and terrifying nightmare which lasted far too long, and which had as its basis the claim loss ratios and expense ratios which indicated that many group companies were doing a beautiful group business in bright red ink.

"The fine jumbo cases which we had put on the books and which had built up our premium income were proving to be an expensive luxury. Group hospital and surgical premium income was responsible for a substantial part of many companies' overall group premium with hospital and surgical group loss ratios on these jumbo cases running anywhere from 100 to 200%. It is understandable how the picture, during Phase II, became as dark as it did."

In an effort to alleviate the situation and to satisfy alarmed directors and company executives, general overall rate increases in group premiums became the order of the day. Along with the rate increases, the companies began to realize that a successful group operation required more realistic underwriting. Limitations began to appear in new group contract forms—limitations which should have been put in contracts years before. Unfortunately for many group-writing companies, these steps in effecting the cure did not show immediate results. Rate increases on new business, and the inclusion in newly issued contracts of sounder underwriting principles from a coverage standpoint, could not begin to affect the picture for at least a year.

Companies almost immediately began to view, more intelligently prospective cases on which they were being asked to quote. The principles of sound group underwriting practices began to be evident once again. Group



Relaxing at the reception which preceded the conference meeting—J. E. Larsen, Pioneer Mutual Life, and Neil C. Criss of Mutual Benefit H. & A.

actuaries turned their attention from ways and means of justifying the discounting of group rates to the problem of developing sounder actuarial formulae for the calculation of bonus and dividend returns, with a realistic appraisal of the percentage of premium which should be retained by the companies to pay the expense of underwriting and administering groups and have something left in the cash drawer. Group-writing companies began to once again adopt the philosophy that group insurance was no different than any other line of insurance in that some fair and reasonable profit should be gained.

Companies in the group field began to pay more and more attention to allocating a certain part of group premium income to proper reserve accounts. More and more thought on the part of companies was evident during this phase that there should be proper reserves set up for catastrophic purposes, for pending, open and unreported claims, for extended maternity benefits, and for general contingency reserves.

One activity which began to be revived and to become again an important part of the overall group operation is proper renewal underwriting. This brought about the demand for rate increases on groups with poor claim experience—particularly the large jumbo cases. It was realized that premium income on certain of the groups was not adequate and that if the groups in question were to remain on the books they would have to stand on their own feet. True, proper renewal underwriting brought about cancellations and terminations of group contracts in many cases but, strangely enough, he said, the number of companies ready to take over one of these cases being cancelled because of a bad claim experience was considerably re-

W. J. Moore, Old Line Life, with Miss Marie Meade of the conference staff and Frank White of Mutual Benefit Life.





duced. "We were learning our lesson that if a company on a risk was operating at a loss and was forced to cancel the group contracts on that risk, no other company could step in and take that risk over at the same or even lower rates and expect to bring about any miracle."

He suggested that possibly Phase III, from the early part of 1952 to the present, should be labeled "The Reformation." In any event, he said it is the phase in this era of change when the majority of group-writing companies are walking the straight and narrow path. "We have learned that extremes are bad—that a middle-of-the-road attitude is the sound attitude. Our group rates, generally speaking, are now increased to a point where we think that they are adequate, although we must expect further increases in the cost of hospital and medical care. We have, I hope, learned our lesson. There is every reason to believe that the cure is successful."

"But we must not let down our guard for a moment. There are many outside forces and influences which constantly strive to induce us to take 'just a little nip'. We cannot do it. We must guard against finding ourselves in a position where we have been jockeyed into being 'in the middle' once again. We must convince our agents, the brokers with whom we deal, the group insurance consultants and our clients, the insured groups, that we know best what can be written and what cannot be written insofar as type of group is concerned, what coverage is sound and what is unsound, what rates are adequate and what rates are inadequate, and finally, the fact that, like any other business under the American system of free enterprise, in the field of group insurance



Lee Parker of American Service Bureau with Dr. John E. Boland of North American Accident, at the conference reception.

we are entitled to a fair and reasonable profit.

"We must continue to abstain from thinking that groups can be written at inadequate rates and with unsound coverage solely because the writing of such groups has prestige value. No group department can operate on prestige and without profit. Prestige does not pay claims nor does it pay underwriting and administrative expenses. We must guard against an increasing tendency for pressure to be exerted upon us to write larger and larger amount of weekly benefit under accident and sickness group plans. A continuing trend in this direction will be disastrous if there is even the slightest business recession. We must watch our underwriting practices with respect to the growing demand in the group field for occupational and non-occupational accidental death and dismemberment coverage. Unsound underwriting on

this one coverage will ruin the fine experience which has been built up by practically all companies.

"The group-writing companies must continue to exercise their ingenuity in developing, through research and study, sounder ways of writing group business. Reference is made to the setting of group hospital premium rates by geographical areas, the introduction of the coinsurance feature, the writing of group hospital insurance with a deductible, keeping our limits down in the writing of miscellaneous hospital expense benefits, and many other ways. We must give close attention to ways and means of checking abuses by writing supplemental diagnostic x-ray and laboratory fee coverage at an adequate extra premium in order to eliminate the abuses by insured employees of entering the hospital for an overnight stay when the hospital admission is for diagnostic purposes only. We must check abuses by the hospitals themselves by watching for the inclusion in hospital bills of charges for services which, in many instances, are unnecessary. We must check abuses of medical expense insurance by doctors by writing, for example, in-hospital medical expense benefits with a waiting period of two, three or four treatments."

### Many Notables in A. & H. Field Died in Past Year

An unusual number of deaths during the past year of men who were real leaders in the conference and in the field of A. & H. insurance was revealed in the report of the memorials committee, headed by Paul Clement, Minnesota Commercial Men's.

The list was headed by George F. Manzelmann, president of North Amer-



C. Norman Green, Hoosier Casualty, with A. W. Franklin, United Commercial Travelers of Columbus, at the conference reception.

ican Accident, and Isaac Miller Hamilton, chairman of Federal Life, both former presidents and long very active in conference affairs.

Others included Martin P. Cornelius, former president of Continental Casualty; Seth Thompson, agency vice-president of West-Coast Life and former Oregon commissioner; J. B. Robertson, former president of Employers Reinsurance; A. J. Groesbeck, president of Michigan Life; C. O. Snyder, vice-president of Educators Mutual; John P. Stock, president of Security Life & Accident; Roy A. Lathrop, president of Minnesota Commercial Men's, and Bert A. Hedges, Kansas manager of Business Men's Assurance, vice-president of the International Assn. of A. & H. Underwriters and organizer of DISC.

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## A.L.C. President Comments on New Role of A. & H.

Life insurance companies have swung around in their attitude towards A. & H. to the point where many of them regard it as a partner rather than "an almost unnecessary evil," in the life field, T. A. Sick, president of Security Mutual Life of Lincoln and president of American Life Convention, told those attending the H. & A. Underwriters Conference convention at Chicago. Mr. Sick was the wind-up speaker Monday morning.

He remarked that American Life Convention now has 234 members, of which 140 also write A. & H. Even with the entrance of many life companies into A. & H., the business is still in its infancy, he said. Between 1940 and 1950, A. & H. premiums have grown from \$332 million to \$1,900,000,000, an increase of more than 500%, while life premiums have increased about 200% in the same time.

Mr. Sick said his company for several years gave thought to entering the A. & H. field. Having been solely in life insurance for more than 50 years, the decision to enter A. & H. was not an easy one. The most compelling reasons for Security Mutual to go into the business were: The belief that because of the constant threat of federal encroachment into the insurance field, private companies ought to make every effort to broaden their coverage; benefits could be derived by life agents in quicker sales, and they would have a more complete line of personal insurance to offer, and the feeling that A. & H., like life insurance, is personal insurance.

The growth of the business in the last 10 years was indicative of the tremendous demand by the public for this type of coverage, he added.

Even after the decision had been reached, Mr. Sick said it took almost a year of planning to get started. Currently, Security Mutual is writing about 80% of its business in hospitalization, but is well aware of the fact that it may be necessary to take corrective measures to remedy this situation.

At first, Mr. Sick remarked that the feeling was that existing life policyholders should be the best prospect for A. & H. Returns from those policyholders circularized total only about 3%, and this could have been due to the fact that a tremendous amount of direct mail has been done by A. & H. companies recently. However, one of the most gratifying results has been that agents had another reason for calling on old policyholders. These calls have often resulted in sales of additional life insurance.

"There was a time," Mr. Sick observed, "when we felt the accident and sickness business would be something which we could make available to our field organization. We do not believe this approach is a satisfactory one. In my opinion, if we are in the accident and sickness field, we ought to aggressively promote this type of business just as we do our life insurance business."

Except for occasional disagreements as to total disability, double indemnity claims, or claims within the contestable period, the life companies rarely have a dispute with a policyholder or beneficiary. But this is not true in the A. & H. field. Much has been said about the ill-will created over the years in this business, and some of it is still in existence. However, Mr. Sick pointed out that a survey conducted recently by the conference and the insurance departments in several states indicated that no line of insurance developed fewer claim complaints per claim handled than A. & H.

However, there are a few companies which by their actions bring discredit to the entire business, he said. "This brings up the question of whether or not our industry should do a better job in policing itself."

Mr. Sick said he hopes it is the general practice in A. & H. to lay stress on training and retraining. This is even more vital in A. & H. than it is in life insurance, he added. He commented also on the group business, remarking "it is rather deplorable to note that many companies continue to underwrite this type of business at obviously inadequate rates. Are we so volume conscious that we knowingly accept these risks at rates which throw the burden of these losses on other policyholders?"



On hand at the reception given by the local companies preceding the conference meeting: T. A. Sick, Security Mutual Life of Lincoln, Neb., president of American Life Convention, with Mrs. W. G. Coursey; W. G. Coursey, managing director of International Assn. of A. & H. Underwriters, and Lyman C. Baldwin, Security Life & Accident.



## Medical Expense Cover Fulfills Function: Scoins

(CONTINUED FROM PAGE 23)

ance with its own interests, namely, the well being of the labor force and good feeling between labor and management. The aims of employer and union in this respect are, in general, the same. This arises out of the political nature of the union organization and the fact that it is politically expedient to distribute benefit payments over the largest possible number of member-voters; hence, the objective of both management and organized labor is generally accomplished when there is coverage of a substantial portion of a maximum number of claims.

An occasional case of benefit payments that are totally inadequate both with respect to amount and duration will not prevent the group coverage from accomplishing the goal of the employer and the labor organization; hence, the purchasers of group coverages may feel that they have accomplished their goal at a level which is substantially below anything which might be called adequate medical expense insurance. Here again, by means of a subsidy from the employer and an acceptance on the part of the employer of variable premium rates, a financial buffer is inserted between the insurer and the ultimate consumer.

The group and service type coverages, both from the standpoint of time and volume, have exercised a tremendous, but not necessarily proper influence on the pattern of individual coverages. Individual coverage benefit patterns are dictated by a combination of public demand and company opinion, and both of these have understandably been tremendously influenced by the traditions of the service and the group coverages. Particularly in the case of public demand, this influence has been exerted without a complete appreciation of the factors which influence the patterns of the other coverages. "It is not surprising, therefore, that the only apparent goal which the individual coverages have set for themselves has fallen considerably short of adequate coverage. To put it more briefly, medical expense insurers have set their sights on covering far too much of the first dollar and far too little of the last dollar of medical care. To this extent they have violated fundamental insurance principles, and their troubles have been of their own making."

"We must educate ourselves, our agents, the medical profession, hospitals, and the buying public.

"For ourselves, we must stop, listen, and take a long look at our policy forms. Are they designed to do the job the policyholder should have done for him? The job the policyholder thinks he wants done is not necessarily the same thing as the job that should be done for him. We must give the coverages we offer a very critical examination in the light of basic insurance principles and in the light of the obligation we as an industry have undertaken. It seems likely to me that such an examination of most of the policy forms which are being sold today will indicate that they fail in both of these respects. The average medical expense policy form contains far too much 'dollar trading' and far too little actual insurance.

"The necessarily higher cost of distribution and administration of individual and family group policies accentuates the necessity of using money avail-

able for claims in the most effective way. A wide application of the deductible principle seems indicated. Policies providing high benefit limits above specified deductible amounts are now in the experimental stage. This type of coverage, however, greatly increases opportunities for abuse, and its extensive development may well have to wait upon a greater recognition by the purchaser and the purveyors of medical services that self-interest requires self-discipline in the use of the coverage. This type of coverage also magnifies the opportunity for profit making by claimants, already present to a too large degree in our present policy forms. Protective provisions for the control of over-insurance through duplicate coverages is needed. Perhaps, too, our companies should begin to take a more active interest in the problems of expanding the facilities for medical care and for the training of medical personnel, for after all, the imbalance between supply and demand of medical services and facilities intensifies our problems.

"Claim administration, if properly handled, can be a valuable part of the process of education."

## Graham Outlines Claim Philosophy

An attitude of recognizing each claim as an individual case and not a hole in a punch card is essential if the proper claim philosophy and the proper public relations job is to be done, L. L. Graham, vice-president in charge of claims of Business Men's Assurance, told H. & A. Underwriters Conference. Mr. Graham, who for many



years has been secretary of International Claim Assn., told the group some of the things that have been done at B.M.A. to develop the proper attitude toward claims.

He said he would like to strike the word claim out of the language, and at B.M.A. it has been done away with as far as possible in favor of the word

benefits. B.M.A. does not employ claim adjusters, since this word implies a compromise or settlement, but rather has field service men who will discuss benefit payments with policy owners. Admitting that these are minor things, Mr. Graham said they are human factors and an important part in a successful public relations effort.

While 1,000 decisions of importance might be made at the home office each day, he warned that one unfriendly letter from a clerk in the claim department written to a salesman or policyholder can be disastrous both in cost and in friendly relations. B.M.A. tries to help this situation by the use of carefully studied and approved paragraphs and letters. These are not form letters, but the form paragraphs are guides to the letter writer and are constantly studied and revised.

As a special project, B.M.A. recently wrote itself an unfriendly letter strongly objecting to certain company practices and expressing ill will to the organization. The home office employees were entered in a contest in which they answered the letter and endeavored to soothe the policyholder. Outside judges, experts in letter writing, expressed

## UNITED FACTS AND FIGURES

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Increase  
over 1951

Assets .....	\$ 38,423,561.67	\$ 8,811,364.71
Income .....	31,703,234.00	9,049,525.00
Life Insurance in Force .....	327,665,782.00	69,341,311.00



### Ten-Year Phenomenal Growth

1942 — 1952

### INCOME

1942 — 3,027,753.00

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1946 — 10,575,677.00

1948 — 15,773,824.00

1950 — 19,419,315.00

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amazement at the amount of thinking that the personnel put into their replies, he reported.

Last year, Mr. Graham said his company held a supervisors' training course in which stress was placed on promptness of replies to letters pertaining to benefit payments. Checks are made constantly on those who write letters from the home office to be certain there have been no unnecessary delays.

The companies cannot permit themselves to be regarded as horns of plenty either by the public or their own field men, Mr. Graham observed. At the same time, a reputation must be maintained for fair dealing. The business talks in terms of billions of dollars of assets, millions of policyholders, thousands of field men and home office employees, and it is "easy for us to get sucked into a maelstrom of indifference to individual cases. We are engaged in

the most personal kind of business there is, and yet we are sometimes guilty of regarding our policyholders as a hole in a Hollerith card, our salesmen as a code number, and our home office associates as a time card."

He went over the report of the conference claims relations committee that was made last year at Denver, stressing the need for simplification of policy forms.

"If I could offer any advice to companies just entering the accident and health field," Mr. Graham said, "it would be to study very carefully every possible means of writing your contracts so that they could be understood by the policy owner while at the same time fulfilling the requirements of the various state laws".

He also mentioned the possibility of reducing paper work required of physicians as good public relations.

## ROWLAND ADDRESSES A. & H. UNDERWRITERS

### L.O.M.A. Survey Tackles Employee Morale Picture in Life Companies, Sees Weak Spots

Prompted by "a personnel problem of considerable magnitude in our business," a study of 147 life insurance companies was undertaken by Life Office Management Assn., results of which formed the basis for the address given before the H. & A. Underwriters Conference annual meeting at Chicago this week by Frank L. Rowland, managing director of the association.

"Probably the most important aspect of the morale problem has to do with the attitudes and abilities of the supervisory group through whom management policies are transmitted to the workers," Mr. Rowland said. He listed three major factors which he said account for the poor degree of morale among many middle management and technical workers, and saw the effect of this sifting down to the employee level.

The factors listed were: (1) thwarting all-around development of the ambitious individual; (2) staff facilities narrowing the area of creative opportunity for operating supervisors; (3) supervisors not receiving increases in compensation commensurate with the decreasing purchasing power of the dollar.

The study made by L.O.M.A. can be broken down into these categories: Sources of new employees and recruiting procedures, together with management's attitude toward employees' needs and desires, and resultant actions, if any; training and education of employees; company facilities (eating, recreational, etc.) and vacation systems; suggestion systems; bonuses; progress made by advocates of collective bargaining in life insurance offices.

It is evident from the L.O.M.A. report that presentation of the results were geared to the morale problem, and this is what was stressed by Mr. Rowland. Among reasons given for the situation, which he said presently confronts almost every life insurance company today, were these:

An extremely tight labor market in which the demand for qualified office workers far exceeds the supply in almost every community; excessive turnover and absenteeism; and a dearth of potential technical and officer talent. Mr. Rowland noted the price now being paid for negligence in developing supervisory talent in the past, and said a "significant trend toward liberality in the treatment of office workers" is now being observed.

Significant of the fact that life in-

surance companies are recognizing this flaw in their office operations is that, of the companies investigated, 97% sponsor some form of employee training and/or education, and of these, 35% have organized programs under the direction of a full-time training director, Mr. Rowland said. He added that 28% of the reporting companies conduct executive trainees' programs and 9% referred to executive training plans.

Another relevant feature of the report as it pertains to morale is that the majority of companies do not extend job descriptions or classifications beyond supervisor or manager. Out of the 147 companies included in the report, 113 have adopted some form of salary standardization based upon these job descriptions, and 106 use employee rating plans; all but eight base salary increases on these plans. But, Mr. Rowland emphasized, only 71 of these 106 companies discuss merit ratings with employees.

Also significant is that of all companies reporting, only 29 carry credit union plans and 30 have some sort of thrift plans. "This," the speaker said, "is a considerable increase over the number reporting in 1947."

"Periodic attempts have been made to organize workers, particularly in the larger companies, without success," Mr. Rowland said. "We seem to offer a rather unfertile field for union organizers. There seems to be no reasonable demands which a union could make to our management which have not been anticipated and adopted as a personnel policy. Our wage rates in the main are as high or higher than the going rates in our communities for comparable positions. As long as we continue to maintain these work relations, we will probably remain free from outside influences."

The report traced a study made of corporations in the past, weighing their success in maintaining stability through generations, and then asked this question: "What can we—the management of today—do now to best help the management of 35 years from now maintain that stability which our company has enjoyed in the past?"

Those attending the informal reception Sunday which unofficially opened the conference meeting wore distinctive badges on which the names were printed in crayon. This was an adaptation of the method used by Chicago Assn. of A. & H. Underwriters, and it greatly facilitated last minute name deciphering.



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Prominent in conference affairs: J. W. Scherr, Jr., Inter-Ocean, new chairman of the executive committee; J. Eugene Taylor, National Life & Accident, new secretary of the conference, and Frank S. Vanderbrouk, Monarch Life, the new 2nd vice-president.





## Panel Holds Forth on A. & H. Commission Plans

(CONTINUED FROM PAGE 17)

commissions, he said, are:

1. They provide an incentive for more business. "This is simply not true," Mr. Wallace asserted. The companies having the largest growth in the last 10 years are either wholly or partially using the non-level plan.

2. Level commissions help persistency. Mr. Wallace said persistency depends on the type of people sold and the agent doing the selling, not the compensation plan. This is borne out, he added, by the recent L.I.A.M.A. persistency study on A. & H., which says the type of commission has no effect on persistency. The policyholder doesn't know how the agent is being paid, he remarked.

3. Salesmen earn a level commission for the service they perform. Mr. Wallace took exception here. Claim service, he said, isn't service, it is a privilege. It leads to more new business. If the agent collects premiums, he said payment should be made for it only if the agent can do it cheaper than the company. Some years ago, Mr. Wallace stated, he made a survey among fire and casualty agents to determine how service compares on that business with A. & H. The agents agreed they did from 2½ to 10 times more for the fire and casualty policyholder than A. & H.

4. Brokers are used to selling for level commissions and won't sell on non-level. Mr. Wallace said he is not convinced brokers won't sell non-level once they are told it would mean more benefits to the policyholders.

The main reason for adopting non-level commissions is to give back more money to the policyholders, he said. The public can't be expected to believe the companies spend much to issue a policy and collect premiums. If they are to get more benefits, it will have to come out of expenses.

Some years ago, a study showed that the operating expenses of level commission companies as compared with non-level were 51.9 against 38.2, Mr. Wallace declared. The loss ratio was 35% higher for the non-level companies.

The business should pay more to the policyholder, he asserted. Competition is forcing the level commission companies to lose out. The big names of a few years ago have been eclipsed. Mr. Wallace suggested that the level commission insurers come out with a line of policies paying non-level commissions. The agents, he predicted, would sell predominantly non-level to do the best by their customers and to meet competition.

Mr. Barnes commented that there are some pluses in level commissions. A. & H. has a better balance in the sales-service equation than life insurance, but non-level payment puts more stress on sales and might encourage high pressure selling.

The level commission plan may help to hold agents in the business, might produce better quality business, and mean more to the agent to renew, he said. It should be recognized that for non-level, the first year premium can't take care of first year business and the company will have to spread the commission over the policy years.

However, the purpose of returning more to the policyholder is paramount, Mr. Barnes declared. To do this, expenses must be reduced. If a company goes to non-level, it might have to consider establishing an expensive conservation department, it might have to set up branches to collect premiums.

Level commission companies have to realize that the philosophy of the life companies is coming to the fore in A. & H., he said. In switching to non-level, the agent can afford to take less overall if he gets more immediately. The company will have to be ready to use some of its surplus when changing from, for example, 20% first year to 40%.

Most companies that have made the change have done it by putting outence, headed by G. M. Grady, Mon-



W. P. Hinsch, American Hospital & Life, left, with J. C. Earle, who is with Beneficial Standard Life; Howard LeClaire, Mutual Benefit H. & A., and Martin Topper, Beneficial Standard. Mr. LeClaire is a new member of the conference executive committee.

a new set of policies, but without discontinuing the old ones. The non-level plan policies will prove to be more attractive to the agents and easier to sell.

### Costs Forum to Be Held at Chicago Oct. 19-20

The costs committee of the conference, headed by G. M. Grady, Mon-

arch Life, announced in its annual report that it is planning a two-day costs forum to be held at the Drake Hotel, Chicago, Oct. 19-20. The program will include a panel discussion of the various phases of costs and their application to the A. & H. business. An open forum will be conducted on the second day to provide an opportunity for discussion of individual cost problems from all angles.

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R. R. MacKenzie, American Service Bureau, at the conference reception with Phillip Snelling of Wisconsin National Life.

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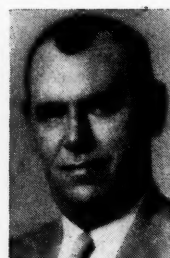
**Skutt Breakfast  
Is Sparkling Affair  
for Agents' Leader**

The breakfast given by V. J. Skutt, president of Mutual Benefit H. & A., for the president of International Assn. of A. & H. Underwriters has become a fixture on the program of the conference meeting. It is the gathering place of the notables attending the convention. Mr. Skutt started the breakfast session four years ago when John Lambert, who is with Mutual Benefit at Cleveland, headed the agents' organization, and he has carried it on since as a tribute to the work of the International association.

Among those introduced were Ralph Kastner of American Life Convention; Lee Parker of American Service Bu-



V. J. Skutt



J. G. Galloway

reau; James Andrews of Life Assn. of America; C. Leighton Foster of Canadian Life Officers Assn.; L. L. Graham, Business Men's Assurance, representing International Claim Assn.; Ralph Heller, Prudential, Health Insurance Council, and E. H. O'Connor, Insurance Economics Society.

The only department man on hand was Commissioner Joseph Navarre of Michigan, who in his brief remarks urged the company men to give strong and continuous support to association work, saying the associations set the standards of the business, exercise control, and maintain and build up the integrity of insurance.

Robert R. Neal, North American Accident, conference president, remarked that Mr. Skutt's breakfast is a double honor, in that the agents' president is recognized at a company meeting, and the home office people get a chance to pay their respects to the agency force. He praised Mr. Skutt for providing a common meeting ground.

Mr. Skutt, in introducing John Galloway, Provident Life & Accident, Birmingham, the association president, stressed that insurance is judged by the men in the field, not by resolutions adopted by company men. He observed that Mr. Galloway has had to make a considerable sacrifice to serve as president. He puts up his own travel expenses, which so far this year have had to cover visits to 30 states.

Mr. Galloway mentioned that the International association is comparatively young. The agents are putting forth great efforts in their training program, and are getting help in this from the companies. Although the association increased its dues by 66 and 2/3% last year, there has been a 35% increase in membership, he said. The organization has started to snowball. It is acting as a sort of catalyst between the home office and the field, especially in the Disability Insurance Sales Course, instructors for which have been freely supplied by the companies.

**Tells How to Balance  
Loss of Time Cover  
and Hospitalization**

(CONTINUED FROM PAGE 18)

tion briefly to some of the things that are being done in an effort to attain the proper balance. Some companies are attempting to at least partly solve the problem by paying a smaller commission on hospitalization business. In considering such a procedure there is always the possibility of objection on the part of the agency department. In some cases the objection may be justified, particularly if the matter is handled in such a way that the earnings of the agents are reduced. There is, however, some merit to the contention that hospital business is more easily sold, consequently the commission on such business should be less than that on business requiring a real selling job. On the other hand some contend that hospital business requires more servicing.

It is possible in some cases, he said, to handle the matter by increasing the commission on other business rather than reducing the hospital commission, thereby giving agents an incentive to devote more effort to the sale of loss of time coverage. If it is not possible to increase commissions as indicated, then some new policy or line of accident and sickness policies with particular appeal, or some new and attractive loss of time sales plan should be introduced at the time of any reduction of commission on hospital business. In other words, if something is taken away from the agent, he should be given something else in return in an effort to prevent him from suffering a loss of earnings.

He concedes that any reduced or smaller commission plan alone would probably not produce the desired results and cited the experience of one company whose agency training is devoted almost exclusively to loss of time insurance and hospitalization is presented only as a supplemental coverage. This company reports a 1952 increase of over 60% in loss of time business compared with an increase of only 4% in hospitalization insurers.

One company reported considerable success in increasing loss of time business by using more drastic measures. Agents were advised in somewhat strong terms that the situation had to be changed and that they must get back into the accident and sickness business.

Many companies, particularly some of those recently entering the accident and sickness field, are writing schedule policies, including hospital expense benefits, but such benefits are not available unless disability income benefit is applied for. One such company reported that about 1,200 of 6,600 applicants, or approximately 18%, apply for hospitalization coverage, with about 1,100 applying for surgical benefits. Policies of this kind frequently include blanket accident expense coverage and hospital, surgical, medical and nurse expense benefits for sickness only.

After all is said and done, Mr. Dowlen said, it boils down to the matter of proper and efficient agency training. Without such training the average agent is going to concentrate on selling the coverage for which there is the greatest demand and which is the easiest to sell. If he has the ability and if properly trained, he is going to do a real selling job, thereby not only benefiting himself financially, but rendering a greater service to his clients and to the company he represents.



# Balance over tion

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Louis L. Graham of Business Men's Assurance, one of the speakers at the meeting, with E. A. McCord, Illinois Mutual Casualty, and F. H. Jacobson of Jefferson National Life, at the conference reception.



Mrs. C. Clark Bryan and Mr. Bryan of American Life Convention; Roy MacDonald of the conference staff; Mrs. MacDonald, and Bill Howland of Mutual Benefit H. & A., a former member of the conference staff.



Paul Abernathy, Retail Credit Co., with Norman E. Walter and G. S. Parker of Guardian Life, and A. P. Dolen, Republic National Life, at the conference reception Sunday.



J. E. Larsen of Pioneer Mutual Life with two representatives of Business Men's Assurance, H. C. Pogue and J. H. Torrance.



Group from United of Chicago at the cocktail party which unofficially opened the conference meeting—J. M. Penrith; A. D. Johnson, and G. Blair Hiser.



J. S. Sykes of General Accident and A. B. Hvale of Continental Casualty, at the reception which preceded the annual meeting of the conference.



Among the wives at the reception Sunday evening were Mrs. James R. Williams, whose husband is with the conference staff, and Mrs. Robert Finley, whose husband is with Washington National.



C. G. Ashbrook of North American Life, the retiring chairman of the A. & H. committee of the L.I.A.M.A., with L. L. Phelps of that company, who was program chairman of the conference annual meeting.

## Business Leaders Turn Out in Force to Honor Pauley

(CONTINUED FROM PAGE 17)

eignty to get regulation on a national basis.

The attempt by one state (New York) to try to impose its regulatory pattern on the others met with no sympathy from the speaker. Mr. Pauley was concerned also with the idea that the states might try to set rates in the A. & H. field. The danger of such a move would be to remove all competition in A. & H., he warned. The business could not operate with uniform policies and uniform rates. A. & H. may need regulation, but not control, he remarked, saying he wants to see the degree of competition preserved which will force the insurers to meet the needs of the public; and the situation should be preserved that allows the younger men in the business to have opportunity.

To preserve these things, he admonished the companies to take on their own responsibilities. One or two states can cause widespread confusion in the regulatory field, and a few companies can do as much to bring on more of it. The association companies actually cannot do much more about this, however, than to conduct their own business in such a way that others can't make it pay unless they follow suit.

Mr. Pauley said he has attended every conference meeting but one (when he was on a grand jury), since 1915. Those were the days of rugged individualists, he said, and the company leaders "had an abiding suspicion of one another." When he was president in 1925, the conference had 97 members and a budget of \$10,000.

The reason for his retirement, he stated, is that A. & H. is a young man's business. The conference has four men on the staff who can take over.

Mr. Pauley drew spontaneous standing ovations at the beginning and conclusion of his talk.

A resolution praising Mr. Pauley for his work as a company man, conference president, and as managing director, and "gratefully acknowledging" his efforts was adopted unanimously. It was presented by E. J. Faulkner of Woodmen Accident.

Ray J. Wetterlund, Washington National, gave Mr. Pauley two leather bound volumes of congratulatory letters from more than 300 friends. He commented that at his age, Mr. Pauley made a significant sacrifice to resume business life as conference leader, and at a time when he could have retired "very comfortably." He said he used the word comfortable in its most factual sense, referring to the purchase by Washington National of Great Northern Life.

Life Insurance Agency Management Assn. stepped up to pay its respects when C. G. Ashbrook, North American Life, immediate past chairman of the A. & H. committee of L.I.A.M.A., presented a piece of luggage. He reported that at the recent L.I.A.M.A. meeting, the consensus of opinion was that no one has contributed more to the welfare of A. & H. than Mr. Pauley.

To wind up the ceremonies, Mr. Pauley received a large bouquet of roses from Mr. & Mrs. J. Charles King. Mr. King is executive vice-president of Hooper-Holmes Bureau.

Mr. Pauley's entire family attended the luncheon. His son, Barton Pauley, is with Prudential at the home office.

## New Set of Leaders Named by H. & A. Conference

(CONTINUED FROM PAGE 17)

arranged to include all the necessary items. The entertainment and relaxation features remained, including the golf tournament, which was won by George Young of Connecticut General Life. B. K. Holliday, Federal Life & Casualty, took second place. The Illinois, Indiana and Wisconsin company members were host at a cocktail party Sunday evening to get the convention off to an unofficial start, and Tuesday evening, the conference staged its "president's reception" and banquet.

Mr. Pauley came in for his special kudos at the luncheon Tuesday. Although he is giving up his title, Mr. Pauley will continue to act as adviser to the conference.

The traditional presentation of a gavel to the outgoing president, which is always one of the first items on the agenda, this year took on some special significance. W. G. Alpaugh, Inter-Ocean, who made the presentation to Robert R. Neal, North American Accident, recalled that in 1931, Mr. Neal's father, J. R. Neal, was the outgoing president, and Robert Neal is the first son of a former president to also occupy that office. The gavel received by the senior Mr. Neal in 1931 was used by Robert Neal to open the 1953 annual meeting. To conclude this part of the ceremonies, Mrs. Neal was given a large bouquet of roses by H. Lewis Rietz, Lincoln National Life, chairman of the executive committee.

Mr. Neal got the program under way with his presidential address, in which he mentioned that the conference has now 201 member companies, and 11 associate members. Of these, 31 companies and two associates joined during the past year. This is a new membership record, but he remarked that it is by no means the top. The conference membership represents something more than 60% of the "individual" A. & H. business written, while the stature of the conference in the group field is getting more prominent. The annual group meeting is now the largest of its kind, and rivals the annual meeting in numbers attending.

Mr. Neal passed a large part of the credit for the growth of the conference to C. O. Pauley. Mr. Pauley was conference president in 1925 and 1926, and took over as managing director at a time when most men would have retired.

The A. & H. business has now reached maturity, Mr. Neal declared. He recalled that in the early days the conference grievance committee was the most important committee. Meetings were filled with debates concerning the circumstances under which agents saw fit to switch affiliation; but today there is no longer a grievance committee as such, and the business standards committee, which is the closest resemblance to it, is little more than a stand-by.

The conference is now focusing its attention on the responsibilities which have grown with the A. & H. business. Mr. Neal said the industry needs a program of public relations to present factual information about what has already been accomplished and about the activities, purposes and facilities of A. & H. insurance. Health Insurance Council was created to help in this line, and the conference is one of the nine trade association members of this organization. The question has been

debated, however, Mr. Neal said, of whether the council should be more formally organized and expanded to become the public relations organization of A. & H. insurance. "For many reasons, that is not capable of immediate accomplishment," he said. "However, the council is undertaking increased public relations activities with doctors and hospitals, and great promise is expected from its efforts. I believe the Health Insurance Council offers the medium through which a reasonable basis has been outlined for further steps forward."

Other speakers Monday morning were Frank L. Rowland, Life Office Management Assn., and T. A. Sick, Security Mutual Life, president of American Life Convention. The report of the conference staff had to be eliminated from this session, and was given briefly by John Hanna the following morning. About 100 members took part in the golf match and dinner Monday afternoon at Medinah Country Club. This was concluded with a buffet supper.

Three speakers, L. L. Graham, Business Men's Assurance; Dr. W. H. Scoins, Lincoln National Life, and R. C. Knoblock, Washington National, were heard Tuesday morning, and following the lunch for Mr. Pauley there was a three-man panel on commissions. This was moderated by Lyman C. Baldwin, Security Life & Accident, with Travis T. Wallace, Great American Reserve, and Frank L. Barnes, Ohio State Life, participating.

Only two talks were given Wednesday, the speakers being A. P. Dowlen, Republic National Life, and Dr. George S. Benson, president of Harding College, Searcy, Ark.

H. Lewis Rietz, the new conference president, is vice-president of Lincoln National Life. He joined the company in 1948 after having been with Metropolitan Life for 15 years, where he was administrative assistant. He was promoted from second vice-president to vice-president of Lincoln National in 1952. He graduated from the University of Iowa and is a fellow of Society of Actuaries. He has served on the examinations committee of American Institute of Actuaries and the standard provisions and group committees of Life Insurance Assn. of America and America Life Convention.

Joseph W. Scherr, Jr., the new chairman of the executive committee and heir apparent to the presidency, is vice-president and secretary of Inter-Ocean of Cincinnati. He has been with that company since 1931, and served for some years as assistant secretary. He is the son of the late J. W. Scherr, who retired in 1946 as president. Mr. Scherr was with the Weekly Underwriter in both the editorial and business departments before joining Inter-Ocean. He was secretary of the conference for several years before becoming a member of the executive committee.

John P. Hanna, the new managing director, joined the conference in 1947 to handle legal and insurance department activities. He is a graduate of DePauw University and has a law degree from Northwestern Law School of Chicago. During the war he served in the navy, and he was recalled to two years of active duty in 1951, rejoining the conference in January. Mr. Hanna was appointed executive director and conference attorney in 1948, and the following year became associate managing director.

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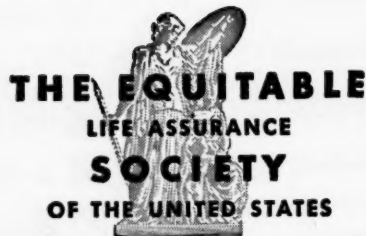
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